



# Annual Comprehensive Financial Report

For the fiscal year ended | June 30, 2021

---

City of Charlotte  
NORTH CAROLINA



**City of Charlotte, North Carolina  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2021**

**Mayor: Vi Alexander Lyles**

**Mayor Pro Tem: Julie Eiselt**

**City Council:**

**Dimple Ajmera**

**Reneé Johnson**

**Tariq Bokhari**

**Matt Newton**

**Edmund H. Driggs**

**Greg Phipps**

**Larken Egleston**

**Victoria Watlington**

**Malcolm Graham**

**Braxton Winston**

**City Manager: Marcus D. Jones**

**Prepared by the City of Charlotte Finance Department**

**Teresa T. Smith, Chief Financial Officer**

**Betty J. Mattos, Chief Accountant**



THIS PAGE INTENTIONALLY LEFT BLANK

**INTRODUCTORY SECTION**

Letter of Transmittal . . . . . I  
 Certificate of Achievement for Excellence in Financial Reporting . . . . . XIII  
 City Government Organization Chart . . . . . XIV

**FINANCIAL SECTION**

Report of Independent Auditor . . . . . 1  
 Management’s Discussion and Analysis . . . . . 5  
 Basic Financial Statements:  
     Government-wide Financial Statements:  
         Statement of Net Position . . . . . 17  
         Statement of Activities . . . . . 18  
     Fund Financial Statements:  
         Balance Sheet - Governmental Funds . . . . . 20  
         Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position . . 21  
         Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental  
         Funds . . . . . 22  
         Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
         Balances of Governmental Funds to the Statement of Activities . . . . . 23  
         Statement of Budgetary Comparison – General Fund . . . . . 24  
         Reconciliation of the Statement of Budgetary Comparison to the Statement of  
         Revenues, Expenditures and Changes in Fund Balances – General Fund . . . . . 25  
         Statement of Net Position – Proprietary Funds . . . . . 26  
         Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds . . 30  
         Statement of Cash Flows – Proprietary Funds . . . . . 32  
         Statement of Net Position – Fiduciary Funds . . . . . 36  
         Statement of Changes in Net Position – Fiduciary Funds . . . . . 37  
 Index to the Notes to the Financial Statements . . . . . 41  
 Notes to the Financial Statements . . . . . 43

**FINANCIAL SECTION (continued)**

Required Supplementary Information:

- Local Governmental Employees’ Retirement System
  - Proportionate Share of Net Pension Liability (Asset) . . . . . 101
  - City of Charlotte’s Contributions . . . . . 102
- Charlotte Firefighters’ Retirement System
  - Schedule of Changes in the System’s Net Pension Liability . . . . . 103
  - Schedule of Employer Contributions . . . . . 104
- Law Enforcement Officers’ Special Separation Allowance
  - Schedule of Changes in Total Pension Liability . . . . . 105
- Employee Benefit Trust Plan
  - Schedule of Changes in Net OPEB Liability . . . . . 106
  - Schedule of Changes of Total Liability as a Percentage of Covered Payroll . . . . . 107
  - Schedule of City Contributions and Investment Returns . . . . . 108

Combining and Individual Fund Statements and Schedules:

- Nonmajor Governmental Funds:
  - Description . . . . . 109
  - Combining Balance Sheet . . . . . 110
  - Combining Statement of Revenues, Expenditures and Changes in Fund Balances . . . . . 112
  - Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) – Special Revenue Funds (Budgeted Annually) . . . . . 114
  - Schedule of Expenditures Compared with Authorizations:
    - Public Safety and Other Grants Fund . . . . . 117
    - Republican National Convention . . . . . 118
    - American Rescue Plan Act . . . . . 119
    - Neighborhood Development Fund . . . . . 120
    - Employment and Training Fund . . . . . 121
    - Emergency Telephone System Fund . . . . . 122
- Debt Service, Capital Projects and General COVID Relief Funds:
  - Description . . . . . 123
  - Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) – Debt Service Fund . . . . . 124
  - Schedule of Expenditures Compared with Authorizations – Capital Projects Fund . . . . . 126
  - Schedule of Expenditures Compared with Authorizations – General COVID Relief Fund . . . . . 127

**FINANCIAL SECTION (continued)**

Combining and Individual Fund Statements and Schedules (continued):

Enterprise Funds:

Description . . . . . 128

Water and Sewer:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis) :

Operating Fund . . . . . 129

Debt Service Fund . . . . . 130

Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis . . . . . 131

Schedule of Expenditures Compared with Authorizations – Capital Projects Fund . . . . . 132

Storm Water:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis):

Operating Fund . . . . . 133

Debt Service Fund . . . . . 134

Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis . . . . . 135

Schedule of Expenditures Compared with Authorizations – Capital Projects Fund . . . . . 136

Airport:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis):

Operating Fund . . . . . 137

Debt Service Fund . . . . . 138

Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis . . . . . 139

Schedule of Expenditures Compared with Authorizations – Capital Projects Fund . . . . . 140

Public Transit:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis):

Operating Fund . . . . . 141

Debt Service Fund . . . . . 142

Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis . . . . . 143

Schedule of Expenditures Compared with Authorizations – Capital Projects Fund . . . . . 144



**FINANCIAL SECTION (continued)**

Internal Service Funds:

- Description . . . . . 145
- Combining Statement of Net Position . . . . . 146
- Combining Statement of Revenues, Expenses and Changes in Fund Net Position. . . . . 147
- Combining Statement of Cash Flows . . . . . 148

Fiduciary Funds:

- Description . . . . . 149
- Statement of Fiduciary Net Position . . . . . 150
- Statement of Changes in Fiduciary Net Position . . . . . 151

**STATISTICAL SECTION**

- Description . . . . . 155
- Financial Trends . . . . . 157
- Revenue Capacity . . . . . 163
- Debt Capacity . . . . . 168
- Demographic and Economic Information . . . . . 176
- Operating Information . . . . . 178

**SINGLE AUDIT SECTION**

- Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards . . . . . 183
- Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act . . . . . 185
- Report of Independent Auditor on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act . . . . . 187
- Schedule of Findings and Questioned Costs . . . . . 189
- Corrective Action Plan . . . . . 193
- Schedule of Prior Year Audit Findings . . . . . 195
- Schedule of Expenditures of Federal and State Awards . . . . . 196
- Notes to the Schedule of Expenditures of Federal and State Awards . . . . . 206



# Introductory Section

Annual Comprehensive Financial Report 2021





October 31, 2021

## Honorable Mayor and Members of City Council, and Citizens of Charlotte, North Carolina,

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Charlotte, North Carolina for the fiscal year ended June 30, 2021. The ACFR is provided to give detailed information about the financial position of the city to residents, City Council, staff and other readers.

Management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. The financial statements have been prepared by the Finance Department in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

State law requires that all general-purpose local governments annually publish a complete set of financial statements. The city's financial statements, as required by North Carolina General Statute 159-34, have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded that there is sufficient audit evidence for rendering an unmodified opinion that the financial statements for the fiscal year that ended June 30, 2021, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Additionally, the independent audit of the city's financial statements is part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Single Audit section at the end of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report. It provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.



## CHARLOTTE'S GOVERNMENT AND THE REPORTING ENTITY

The City of Charlotte, located in Mecklenburg County, is in the Piedmont region of North Carolina and centered between the Appalachian Mountains and the Atlantic Ocean. Incorporated in 1768, Charlotte became the county seat of Mecklenburg County in 1774. With an estimated population of 958,788, Charlotte is the most populous city in North Carolina and the 15<sup>th</sup> largest city in the nation.

Since 1929, the City of Charlotte has had a Council-Manager form of government. Policy-making and legislative authority are vested in a governing body consisting of a Mayor and 11 City Council members who are elected every two years on a partisan basis. The Mayor and four Council members are elected at-large by a citywide vote. The remaining seven Council members are elected by district, from voters who reside in each district. The Mayor and Council are responsible for appointing the City Manager, City Attorney, City Clerk, and members of various boards and commissions. The Council appropriates the annual budget, sets the tax rate and approves the financing of all city operations and capital investments. The City Manager is responsible for carrying out policies and ordinances and directs the daily operations and programs of the city.



City Manager Marcus Jones

The mission of the City of Charlotte is to ensure the delivery of a full range of quality public services and to promote the safety, health and quality of life of its citizens. The city provides services including police and fire protection; street construction and maintenance; solid waste services; water and sewer utilities; storm water management; airport facilities management; and public transit services.

The city is also financially accountable for other organizations that are reported as component units. This financial accountability is determined in accordance with criteria established by the Governmental Accounting Standards Board (GASB):

- The **Charlotte Firefighters' Retirement System**, a blended component unit, is presented as a Pension Trust Fund.
- The **Charlotte Regional Visitors Authority** is reported as a discretely presented component unit.

Additional information on these legally separate entities and the reporting entity can be found in Note 1.a. in the Notes to the Financial Statements.



## LOCAL ECONOMY

*Charlotte is America's Queen City, opening her arms to a diverse and inclusive community of residents, businesses, and visitors alike; a safe family-oriented city where people work together to help everyone thrive.*

While 2020 will be remembered for economic and social hardships, the resilience of Charlotte and the community provided a road to recovery. Throughout fiscal year 2021, the city worked together to focus its resources and funding to advance City Council's Strategic Priorities and address the most foundational and pressing needs of the community.



To help offset the financial impacts of the pandemic, federal funding through the Coronavirus Aid, Relief and Economic Security Act (CARES Act) provided assistance to the city and its residents for expenses related to COVID-19. Along with general expenses and assistance for Charlotte Douglas International Airport (CLT) and Charlotte Area Transit System (CATS), the city also received additional Community Development Block Grants (CDBG), Emergency Solutions Grant (ESG) and Coronavirus Relief Fund (CRF) allocations. CRF funding of \$154.5 million was dedicated to Community Support for businesses, housing, youth opportunity centers, bridging the digital divide and arts and artists, and has supported city operations including first responder salaries, hazard pay, emergency leave, facility and technology needs and solid waste services. The federal support along with adherence to our established budget principles helped alleviate current and future impacts of COVID-19 and allowed the city to maintain fiscal balance through the fiscal year.

In addition, the American Rescue Plan Act allocated \$142 million in Local Fiscal Recovery Funds to the city. The first tranche of this funding, \$71 million, was received in May 2021. Given the potential impact of this unprecedented federal investment, the city is being deliberate in planning for the use of these funds. This planning includes a balance between immediate needs, informed by public health



and economic data, and transformational investments in Charlotte's future, informed by City Council priorities and stakeholder input. This planning also includes a balance between internal investments in core services and externally focused community investments to support those most impacted by the COVID-19 pandemic.

The Charlotte region continues to rank 23rd in the U.S for total output and accounts for about 21 percent of the total output for the Carolinas. A total of 160,400 jobs were lost from the regional economy at the start of the COVID-19 pandemic. Almost 60 percent of these lost jobs belonged in the leisure and hospitality sector – particularly the accommodation and food services, arts, entertainment, and recreation industries. Since May 2020, the regional economy has added an average of 10,000 jobs each month. Growth in leisure and hospitality helped drive job growth overall. As of March 2021, a total of 113,600 jobs, or 70 percent of the number lost, have been added back to the regional economy.

## FINANCE AND TECHNOLOGY SERVICES CENTER

Charlotte is home to eight Fortune 500 companies: Bank of America, Lowe's, Honeywell, Truist, Duke Energy, Nucor, Sonic Automotive and Brighthouse Financial. As the headquarters for Bank of America Corporation, the nation's second largest bank with \$2.35 trillion in consolidated assets, Charlotte ranks as the nation's second largest banking center. Charlotte's strength as a banking headquarters city is foundational to the region's economic success.

In December 2020, electric vehicle company Arrival established its North American headquarters in Charlotte and in March 2021 announced plans to build a second microfactory in the city to begin production in 2022, with total investments of \$44.2 million. Arrival's presence will bring approximately 650 new jobs to the region. The company's mission aligns with the City of Charlotte's goal to improve sustainability efforts and reduce greenhouse emissions, and the company intends to partner with the city in achieving the goals set out in the city's Strategic Energy Action Plan.

In May 2021, USAA announced its plan to open a new office in Charlotte. The financial services company is among the leading providers of insurance, banking and investment and retirement solutions to nearly 13 million members of the U.S. military. The move to Charlotte supports USAA's efforts to attract talented audit, banking, legal, risk management and technology professionals. The new office location will eventually host approximately 750 employees.

Also, in May 2021, Credit Karma announced expansion of its operations in Charlotte, adding 600 new jobs and investing \$13 million to transform its existing operations into an East Coast Headquarters and technology hub. The company is a consumer technology platform serving more than 110 million members globally for everything related to their financial goals, including identity monitoring, applying for credit cards, shopping for loans (car, home and personal), savings accounts and checking accounts. Credit Karma's decision to focus their corporate growth in Charlotte is due to the robust talent pool, excellent quality of life for their employees and optimal location.

Even with the major economic downturn caused by COVID-19 and the resulting impacts, new and existing companies still show confidence in the Charlotte region's future. Charlotte is proving to be a top destination for companies and workers looking for an affordable, urban market and high-quality lifestyle. According to the Charlotte Regional Business Alliance, there were 30 second-quarter 2021



economic development project announcements representing 3,588 announced jobs and \$1.2 billion in capital investment.

## TRANSPORTATION AND DISTRIBUTION HUB

Location and infrastructure combine with a robust production workforce to make Charlotte an ideal region for transportation, distribution and logistics operations. The Charlotte region is strategically located between major ports and inland cities, within a 12-hour drive of 53 percent of the nation's population. Transportation assets in the region include Charlotte Douglas International Airport, four interstate highways (I-85, I-77, I-485, and I-40), an inland terminal and two intermodal facilities. Charlotte is also the center of the country's largest consolidated rail system with two major railroads, Norfolk Southern Railway and Chessie-Seaboard Merger (CSX) Transportation.



Foundational to the economic success of the Charlotte region, Charlotte Douglas International Airport (CLT) leads the state as the top economic engine among airports, according to the North Carolina Department of Transportation (NCDOT) Division of Aviation. CLT is ranked among the top 10 busiest airports in the world, averaging 1,300 plus daily aircraft operations and serving approximately 187 nonstop destinations around the globe. In 2020, CLT generated \$24.6 billion in annual economic impact. For 2020, CLT ranks 6th nationwide in aircraft movements (397,983); 6th in total passengers (27,205,082); and 33rd in total cargo (174,913 tons) according to the Airports Council International.

The Airport's recovery from the COVID-19 pandemic took hold in fiscal year 2021. Over this period, CLT passenger numbers continued to consistently exceed averages for the nation as a whole, as American Airlines continued its strategy of concentrating its capacity at its largest hubs at Dallas/Fort Worth International Airport and CLT. Fiscal year 2021 passenger traffic at the Airport increased to 97 percent of fiscal year 2019 levels as of June 2021, exceeding the 83 percent benchmark for domestic traffic for the nation as a whole.

During fiscal year 2021, the Airport was awarded additional grants from the federal government through two additional waves of COVID-19 relief funding: \$40.9 million from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in December 2020 and \$168.2 million from the American Rescue Plan Act (ARPA) in March 2021. Combined with the solid recovery in passenger traffic, these grants allowed the Airport to continue with the most critical components of its Destination CLT master plan capital program such as the Terminal Lobby Expansion without significant delay. CLT Management continues to closely monitor trends in the pandemic recovery, adjusting its financial, operating, and capital plan as needed.



## RECREATIONAL, VISITOR AND CULTURAL CENTER

The tourism industry in the Charlotte region creates jobs and improves the quality of life for the entire community. As the COVID-19 pandemic lingered, hotels, restaurants, bars and other entertainment and tourism-related businesses continued to endure months of closings, capacity limits and public wariness. The pandemic shut down much of the local and national economies in mid-March 2020 and halted the incredible momentum the industry was enjoying. Approximately 60 percent of overall jobs lost in the Charlotte region were in the leisure and hospitality industry.

By early summer 2020, as some COVID-19 safety restrictions eased, the tourism industry began to make up some lost ground, with growth in leisure and hospitality driving job growth overall. According to their fiscal year 2020 annual reporting, the Charlotte Regional Visitors Authority (CRVA) activities directly generated an estimated \$635 million in total economic impact for our community, including \$368 million in incremental direct visitor spending as well as producing nearly \$20 million in local tax collections. The Charlotte region once again led the Carolinas in tourism impacts: 29.6 million visitors and \$7.8 billion in direct visitor spending, capping 10 consecutive years of growth.

Charlotte is a destination of choice for tourism, conventions and special events including:

- National sports with the Carolina Panthers (NFL) at Bank of America Stadium and the Charlotte Hornets (NBA) at the Spectrum Center
- Major League Soccer (MLS) with the Charlotte Football Club at Bank of America Stadium
- Minor League Baseball (MiLB) with the Charlotte Knights (a Triple-A affiliate of the Chicago White Sox) at BB&T Ballpark
- Minor-league hockey with the Charlotte Checkers (a minor league affiliate of the NHL's Florida Panthers and Seattle Kraken) at Bojangles' Coliseum
- Art, culture, and science at the Bechtler Museum of Modern Art; the Knight Theater; the Harvey B. Gantt Center for African American Arts & Culture; the Mint Museum; the North Carolina Blumenthal Center for Performing Arts; the Charlotte Nature Museum; and the Discovery Place Museum.
- International, national, and local events and conventions hosted at the Charlotte Convention Center; During fiscal year 2020, the center successfully hosted 138 events with 177,745 in total reported attendance, including 21 conventions and trade shows, 12 assemblies, 12 consumer shows and 93 local events; Notable events included the 48th Annual Meeting of Child Neurology Society, National Business Aviation Association (NBAA) Schedulers and Dispatchers Conference, Family Dollar Annual Leadership Conference, The Church Network's 63rd Annual Conference and the 2020 Northwestern Mutual Southern Regional Conference.





---

## FINANCIAL INFORMATION

---

### INTERNAL CONTROLS

City management is responsible for establishing, implementing and maintaining a framework of internal controls designed to ensure that city assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The city's comprehensive framework of internal controls provides reasonable – rather than absolute – assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

### FINANCIAL POLICIES

The City of Charlotte has a history of sound fiscal policy and practices and has consistently held AAA ratings for over 43 years, since 1977. The city relies on key financial policies to ensure needs are met in fiscally responsible ways. In fiscal year 2021, the city continued its comprehensive review of citywide policies to establish standards for financial internal controls across the organization.

Charlotte also adheres to management practices designed to maintain diverse revenue sources and sound financial results. The city regularly evaluates and sets fees at levels designed to support the full costs of services; amortizes at least 50 percent of principal for general government general obligation debt and certificates of participation in the first ten years; and retains General Fund balance at 16 percent of expenditures.

The city adopts a comprehensive set of financial policies to ensure that financial resources are managed in a prudent manner and to provide a foundation for financial sustainability. Compliance with these policies is reviewed annually as part of the budget process. The policies are published in the Annual Adopted Budget and Capital Investment Plan. The city maintains a structurally balanced budget to achieve long-term financial stability for the community.

### LONG-TERM FINANCIAL PLANNING

The city's Capital Investment Plan (CIP) for long-term capital infrastructure is a multi-year plan that makes investments to support the growth and vitality of the community and the quality of life. Consistent with best practices, the city annually proposes a five-year CIP. The first year of the plan is adopted by City Council while the remaining four years are provided as a plan.

Affordability for capital projects is determined annually using comprehensive debt models that evaluate revenues dedicated to capital and future debt service requirements. The models specify the ability to issue debt that can be fully repaid with existing or planned revenues.

### BUDGET CONTROL

The Annual Adopted Budget and CIP are foundational to Charlotte's financial planning and fiscal control, affirming the city's key strategic priorities of Economic Development, Neighborhood Development, Transportation and Planning and Well-Managed Government; and documenting the allocation of resources to fund operations and capital projects based on organizational focus and strategy. To better inform the city's top budget priorities, the budget process includes community



and employee engagement activities to identify areas of concern, increase collaboration across departments and seek feedback on operations. No later than June 30 of each year, Council adopts a final Budget and CIP.

Budget-to-actual comparisons are provided in this ACFR for each fund for which an appropriated annual budget has been adopted. The general fund comparison is presented as part of the basic financial statements. Regarding other funds with annual and project-length budgets, detailed budget-to-actual comparisons are presented in the Required Supplementary Information and Combining and Individual Fund Statements and Schedules section of this report. Additional information on the budget can be found in the MD&A and Note 3.a. in the notes to the financial statements.

## MAJOR INITIATIVES

Fiscal Year 2021 demonstrated the resiliency and strength of the City of Charlotte as staff continued to deliver key services and develop programs in new and innovative ways to serve the community.

While the COVID-19 pandemic necessitated a shift in operations to deal with the most immediate needs, the strategic priorities set by Council serve as a focus on the higher-level policy framework needed to guide the city's recovery and forward progress. Each Strategic Priority contains policy initiatives designed to meet the needs of the community and advance the organization.

### • Economic Development

**Business Support:** Since receiving CARES Act funding in April 2020, the city has provided resources in the business community to help stabilize the local economy from shock of reduced revenues.

- Allocated \$30.3 million in funding to create 2,500 small business grants,
- Provided \$7.7 million for 345 food and beverage grants,
- Dedicated \$5.8 million to create 100 hotel grants, and
- Designated \$4 million for arts and artists.

**Corridors of Opportunity:** The city's six designated Corridors of Opportunity received a \$24.5 million investment in fiscal year 2021. Each corridor has on-going projects and strategies tailored to the specific business development, placemaking, community engagement and transportation infrastructure needs with the corridor.

**Training and Career Academy:** In fiscal year 2021, the city continued offering career pathway opportunities through the City of Charlotte's Training and Career Academy. The COVID-19 pandemic affected the wide-reaching impact of community members participation, however continued investments allowed program participants to gain on-the-job experience and enter the workforce through our Training and Career Academy.



**NXT CLT:** NXTCLT provides an opportunity for minority business owners to develop their business and leadership skills through establishing connections with Charlotte business leaders and providing access to financial support. The program delivers a customized curriculum with targeted emphasis on management, market development and accessing capital. In December 2020, the first cohort of business owners completed the program.

## • Great Neighborhoods

**Affordable Housing:** City Council's and the community's commitment to increasing the affordable housing supply led to the creation of the privately financed Charlotte Housing Opportunity Investment Fund in spring 2018, which exceeded its \$50 million fundraising goal. Together with the Housing Trust Fund, this funding leverages public, private and non-profit dollars to increase the supply and accessibility of housing in the community.

The 2020 bond brought the total investment in housing bonds in Charlotte to \$130 million, which is an increase of \$70 million above what was originally planned.

**Supporting Our Community:** A key highlight toward community support efforts throughout 2021 was providing opportunities for residents to receive financial assistance to lessen the impacts of the COVID-19 pandemic. Since receiving federal assistance, the city has been able to use \$13.4 million in funding to provide over 5,800 households mortgage, rental and utility relief.

The need for digital equity was a concern prior to the pandemic and was brazenly apparent as our new normal heavily relied on digital platforms for everyday tasks. With help through the CARES Act, the city was able to take steps toward bridging the digital divide by launching Charlotte Connect,

providing Wi-Fi to 1,800 households. Additionally, one million dollars in CARES Act funding was also programmed toward internet services needed for tablets purchased by Charlotte-Mecklenburg Schools as we partnered to enhance at-home learning when schools were not in session in person.

**Legacy Commission:** The Legacy Commission engaged in a comprehensive study of street names and monuments in the City of Charlotte that honor a legacy of Confederate soldiers, slaveowners and segregationists. Over the course of five sessions and completing the study, the Legacy Commission offered several recommendations for the City of Charlotte to consider, including changing the name of nine city streets. The Commission recommended changing street names and reimagining civic spaces to create a new symbolic landscape that is representative of the dynamic and diverse city that Charlotte has become.





- **Safe Communities**

**SAFE Charlotte:** In October 2020, after months of work with community stakeholders, City Council adopted six SAFE Charlotte recommendations. The foundation of this holistic work sought to reimagine public safety while also reevaluating systemic issues affecting the community, including unemployment, housing, transportation and workforce development. Reimagining policing is an ongoing effort to critically analyze and evaluate how to best promote safety in our community, recognizing the job of maintaining a safe Charlotte extends beyond the work of the Charlotte Mecklenburg Police Department. Approved recommendations encompass investing in grassroots community organizations, examining dispatching responses to low-risk 911 calls, providing independent analysis of police-civilian interactions, expanding crisis response and developing a civilian responder model for mental health and homelessness calls, evaluating youth programs and improving public safety recruitment and associated training programs.

**Enhanced Compensation for First Responders:** First responders make up more than 35 percent of the city's workforce. In collaboration with public safety pay plan representatives, a multi-year strategy to grow compensation for first responders was developed and implemented in fiscal years 2020 and 2021. The strategy was developed to help retention within Police and Fire, while also hoping to attract new candidates to our organization.

- **Transportation, Planning and Environment**

**Strategic Energy Action Plan:** Charlotte continues to act on creating a healthier community and world by investing in the city's Strategic Energy Action Plan (SEAP). The SEAP was developed in partnership with community stakeholders through greenhouse gas emission reduction scenario sessions and targeted engagement. This resulted in a comprehensive framework of internal and external actions, focused on transportation, buildings, energy generation and workforce development and equity.

In fiscal year 2021, the city purchased 27 electronic vehicles, expanded its electric vehicle infrastructure by purchasing 28 chargers for city-owned facilities and invested an additional \$500,000, supported from CARES Act funding, into the newly developed Renewable Energy and Efficiency Workforce Training Program. This program provides training in the areas of HVAC, Electrical Trades and Sustainable Technologies for Charlotte residents displaced from employment by COVID-19.

**2040 Comprehensive Plan:** On June 21, 2021, Charlotte City Council adopted the 2040 Comprehensive Plan – Plan Policy. The Comprehensive Plan is a living document that provides a policy framework that will guide the city's decision-making and investment in both the near and long term. It seeks to address the inequities of the past and unite the city around a shared set of goals for the future. Throughout this planning process the Charlotte Planning, Design and Development team has engaged with over 500,000 community members, through workshops, social media, focus groups and pop-up events.



The plan has established eight goals for Charlotte’s future: transportation choice and convenience; safe, inviting and distinctive places; thriving economic innovation and opportunity; vibrant arts, culture, and education; healthy and sustainable; equitable access to services and resources; affordable and diverse housing; and coordinated growth and development.

- **Well-Managed Government**

**Maintaining Service Levels:** While many service challenges were presented throughout the fiscal year, the city maintained basic service levels to meet the needs of the community with innovative means such as virtual access to city services and flexible and/or teleworking scheduling for City staff where feasible.

**Taking Care of Employees:** City front-line employees remained in the community, delivering essential services throughout the pandemic. Precautions to keep these employees safe included providing personal protective equipment, increased sanitation measures and social distancing guidelines. To recognize their dedicated service, the city provided these employees with a premium pay increase from March 2020 to December 2020, primarily in CARES Act Funding.

The city also allocated CARES Act funds for facility improvements in response to COVID-19 to enhance the safety of employees and residents when buildings reopen to the public.



## AWARDS AND ACKNOWLEDGMENTS

For the 36<sup>th</sup> consecutive year, the City of Charlotte received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the city's comprehensive annual financial report (ACFR) for the fiscal year ended June 30, 2020. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We are confident that the city's fiscal year 2021 ACFR also meets the Certificate of Achievement Program's requirements and will be submitting it to the GFOA for consideration of another award.

For the seventh consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Charlotte, North Carolina, for its Annual Budget for the fiscal year beginning July 1, 2020. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

We commend staff for their integrity, professional competency, and dedication to the work of the city throughout the year. Their commitment to maintaining the highest standards of professionalism in the fiscal management of the city is foundational to the successful preparation of this ACFR. We also credit the Mayor and City Council for their strong leadership and support in setting sound fiscal policy to ensure financial resources are managed prudently and provide a foundation for financial sustainability.

Marcus D. Jones  
City Manager

Teresa Smith  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Charlotte  
North Carolina**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morrell*

Executive Director/CEO

# CITY OF CHARLOTTE ORGANIZATION



<b>Assistant City Manager</b> Brent Cagle	<b>AVIATION DEPARTMENT</b> Haley Gentry	<b>CHARLOTTE AREA TRANSIT SYSTEM</b> John Lewis, Jr.	<b>CHARLOTTE COMMUNICATION &amp; MARKETING</b> Jason Schneider
<b>Assistant City Manager</b> Tracy Dodson	<b>CHARLOTTE DEPARTMENT OF TRANSPORTATION</b> Liz Babson	<b>CHARLOTTE FIRE DEPARTMENT</b> Chief Reginald Johnson	<b>CHARLOTTE PLANNING, DESIGN &amp; DEVELOPMENT</b> Taiwo Jaiyeoba
<b>Assistant City Manager</b> Taiwo Jaiyeoba	<b>CHARLOTTE-MECKLENBURG POLICE DEPT.</b> Chief Johnny Jennings	<b>COMMUNITY RELATIONS</b> Willie Ratchford	<b>CHARLOTTE WATER</b> Angela Charles
<b>Special Assistant to the City Manager</b> Shawn Heath	<b>ECONOMIC DEVELOPMENT</b> Tracy Dodson	<b>GENERAL SERVICES</b> Phil Reiger	<b>FINANCE</b> Teresa Smith
	<b>HOUSING &amp; NEIGHBORHOOD SERVICES</b> Pam Wideman	<b>HUMAN RESOURCES</b> Sheila Simpson	<b>INNOVATION &amp; TECHNOLOGY</b> Reenie Askew
	<b>INTERNAL AUDIT</b> Greg McDowell	<b>SOLID WASTE SERVICES</b> Rodney Jamison	<b>STRATEGY &amp; BUDGET</b> Ryan Bergman





# Financial Section

---

Annual Comprehensive Financial Report 2021





## Report of Independent Auditor

To the Honorable Mayor and  
Members of the City Council  
City of Charlotte, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charlotte Regional Visitors Authority (the "CRVA"). Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the CRVA, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Charlotte Firefighters' Retirement System were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

[cbh.com](http://cbh.com)



**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section, as well as the accompanying schedule of expenditures of federal and State awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Cheryl Behrnt LLP*

Charlotte, North Carolina  
October 31, 2021



# Management's Discussion and Analysis

Annual Comprehensive Financial Report 2021



## MANAGEMENT’S DISCUSSION AND ANALYSIS (Dollar Amounts in Millions)

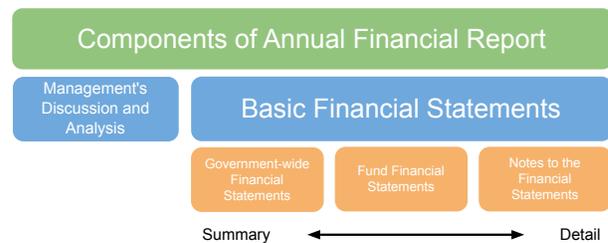
This section of the City of Charlotte’s (City) annual financial report presents a narrative overview and analysis of the City’s financial performance for the fiscal year ended June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the City’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,923.2 (net position). Of this amount, \$755.8 (unrestricted net position) may be used to meet the government’s ongoing obligations to residents and creditors.
- The overall financial position of the City improved in 2021 as evidenced by an increase in total net position of \$270.7. This increase was from business-type activities (\$334.2) and a decrease in governmental activities (\$63.5).
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$798.5, a decrease of \$215.4 in comparison with the prior year. This decrease resulted from increased expenditures for capital outlay.
- Unassigned fund balance in the General fund was \$120.1 at June 30, 2021 and represents a traditional fund balance reserve maintained for emergencies, liquidity and overall financial strength. This meets the City Council’s goal of 16 percent of the budget for fiscal year 2021. The amount exceeding the City Council’s goal of 16 percent, \$7.0, is committed.
- The City has consistently maintained its AAA bond rating from all three rating agencies.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City’s basic financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. This diagram shows how the components of the annual report are arranged and relate to one another.



The first two statements (pages 17-19) are government-wide financial statements that provide both long-term and short-term information about the City’s overall financial status. The remaining statements (pages 20-37) are fund financial statements that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.

- The *governmental funds statements* tell how general government services like public safety were financed in the short-term as well as what remains for future spending. A budgetary comparison statement has been provided for the General fund to demonstrate budgetary compliance.
- *Proprietary funds statements* offer short- and long-term financial information about the activities the City operates like businesses, such as the water and sewer system.
- *The fiduciary funds statements* reflect the financial relationship with the Firefighters’ Retirement System, which provides benefits exclusively for certain City employees, and the Employee Benefit Trust, which accumulates resources for the provision of other postemployment benefit payments for certain retirees and their beneficiaries.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data (pages 39-97). A section is also included with required supplementary information and combining statements that provides details about non-major governmental funds, internal service funds, and fiduciary funds, each of which are totaled and presented in single columns in the basic financial statements. This section (pages 99-151) also includes detailed budgetary information required by North Carolina General Statutes.

The remainder of this overview section explains the structure and contents of the government-wide and fund financial statements.

**Government-wide financial statements.** The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The *statement of net position* is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating. Other nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads must be considered to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. The statement accounts for all of the current year's revenues and expenses regardless of when cash is received or paid.

The government-wide financial statements are divided into three categories:

- Governmental activities - Most of the City's basic services are included here, such as public safety, community planning and development, and streets and highways. Property taxes, other taxes, and grants and contributions finance most of these activities.
- Business-type activities - The City charges fees to customers to cover the costs of certain services provided. The City's water and sewer system, storm water system, airport, and public transit system are included here.
- Component unit - The City's annual report includes one other entity, the Charlotte Regional Visitors Authority. Although legally separate, the City appoints the governing board and provides financial support.

**Fund financial statements.** The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State Statutes. Other funds are established to control and manage resources designated for specific purposes.

The City has three kinds of funds:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on (1) the flow in and out of cash and other financial assets that can readily be converted to cash and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The City adopts an annual budget for the General fund, as required by State Statutes. A budgetary comparison statement is presented for the General fund using the City's budgetary basis of accounting. This statement reflects the following: (a) the original budget, (b) the final budget as amended, (c) actual resources, and (d) the variance between the final budget and actual resources. Because the budgetary basis of accounting differs from the modified accrual basis used in the funds statements, reconciliation is provided at the end of the statement.

- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has two types of proprietary funds. Enterprise funds are the same as the business-type activities (shown in the government-wide financial statements), but provide more detail and additional information, such as cash flows. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities. These internal service activities predominately benefit governmental rather than business-type activities; therefore, they have been included with governmental activities in the government-wide financial statements.
- Fiduciary funds - The City is the trustee, or fiduciary, for the Firefighters' Retirement System and the Employee Benefit Trust. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$11,923.2 at the close of the most recent fiscal year. A summary of the City's net position at June 30, 2021 and 2020 is presented below.

	Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,122.3	\$ 1,411.3	\$ 1,938.2	\$ 2,098.4	\$ 3,060.5	\$ 3,509.7
Capital assets	6,689.6	6,530.8	8,573.9	7,993.5	15,263.5	14,524.3
<b>Total assets</b>	<b>7,811.9</b>	<b>7,942.1</b>	<b>10,512.1</b>	<b>10,091.9</b>	<b>18,324.0</b>	<b>18,034.0</b>
<b>Deferred outflows of resources</b>	<b>771.3</b>	<b>494.9</b>	<b>92.6</b>	<b>102.5</b>	<b>863.9</b>	<b>597.4</b>
Current and other liabilities	252.0	310.2	243.6	265.1	495.6	575.3
Noncurrent liabilities	2,809.5	2,727.0	3,512.7	3,457.2	6,322.2	6,184.2
<b>Total liabilities</b>	<b>3,061.5</b>	<b>3,037.2</b>	<b>3,756.3</b>	<b>3,722.3</b>	<b>6,817.8</b>	<b>6,759.5</b>
<b>Deferred inflows of resources</b>	<b>375.7</b>	<b>190.3</b>	<b>71.2</b>	<b>29.1</b>	<b>446.9</b>	<b>219.4</b>
Net position:						
Net investment in capital assets	5,223.1	5,117.7	5,234.7	4,726.8	10,457.8	9,844.5
Restricted	292.9	306.2	416.7	388.2	709.6	694.4
Unrestricted	(370.0)	(214.4)	1,125.8	1,328.0	755.8	1,113.6
<b>Total net position</b>	<b>\$ 5,146.0</b>	<b>\$ 5,209.5</b>	<b>\$ 6,777.2</b>	<b>\$ 6,443.0</b>	<b>\$ 11,923.2</b>	<b>\$ 11,652.5</b>

By far the largest portion of the City's net position (88 percent) reflects its investment in capital assets (land, buildings, roads, bridges, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

An additional portion of the City's net position (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$755.8) may be used to support operations and provide for payment of long-term debt.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its business-type activities. Unrestricted net position for governmental activities is negative due to pensions and other postemployment benefit plans (OPEB), detailed in Note 5 in the notes to the financial statements.

Government-wide net position increased by \$270.7 during the current fiscal year from an increase in both governmental and business-type activities. The increases resulted in large part from actions implemented in fiscal year 2020 to mitigate the economic impacts of the COVID-19 pandemic that included a non-essential hiring freeze, consolidation of duties, controlled discretionary spending, and planned utilization of federal relief funds wherever possible.

**Changes in net position.** The following table presents the City’s changes in net position for the fiscal years ended June 30, 2021 and 2020.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Fees, fines and charges for services	\$ 141.4	\$ 133.6	\$ 776.6	\$ 825.7	\$ 918.0	\$ 959.3
Operating grants and contributions	219.9	72.8	164.9	35.1	384.8	107.9
Capital grants and contributions	26.6	62.4	202.6	160.7	229.2	223.1
General revenues:						
Property taxes	523.3	507.2	-	-	523.3	507.2
Other taxes	285.8	285.7	116.7	107.8	402.5	393.5
Grants and contributions not restricted to specific programs	23.0	24.8	-	-	23.0	24.8
Other	(1.6)	21.2	(0.5)	48.0	(2.1)	69.2
Gain on early defeasance of debt	4.2	-	-	-	4.2	-
<b>Total revenues</b>	<b>1,222.6</b>	<b>1,107.7</b>	<b>1,260.3</b>	<b>1,177.3</b>	<b>2,482.9</b>	<b>2,285.0</b>
<b>Program expenses</b>						
Public safety	591.6	542.1	-	-	591.6	542.1
Sanitation	78.6	74.0	-	-	78.6	74.0
General administration	81.7	70.7	-	-	81.7	70.7
Support services	55.7	51.4	-	-	55.7	51.4
Engineering and property management	54.3	49.5	-	-	54.3	49.5
Streets and highways	96.8	63.2	-	-	96.8	63.2
Culture and recreation	59.3	51.6	-	-	59.3	51.6
Community planning and development	193.4	88.8	-	-	193.4	88.8
Business-type grant related	0.8	0.9	-	-	0.8	0.9
Interest and other charges	48.4	58.4	-	-	48.4	58.4
Water	-	-	170.5	180.2	170.5	180.2
Sewer	-	-	178.8	188.0	178.8	188.0
Storm Water	-	-	37.4	29.6	37.4	29.6
Airport	-	-	299.7	311.2	299.7	311.2
Public Transit	-	-	265.2	266.9	265.2	266.9
<b>Total expenses</b>	<b>1,260.6</b>	<b>1,050.6</b>	<b>951.6</b>	<b>975.9</b>	<b>2,212.2</b>	<b>2,026.5</b>
Excess before transfers	(38.0)	57.1	308.7	201.4	270.7	258.5
Transfers	(25.5)	(23.6)	25.5	23.6	-	-
<b>Increase in net position</b>	<b>(63.5)</b>	<b>33.5</b>	<b>334.2</b>	<b>225.0</b>	<b>270.7</b>	<b>258.5</b>
Net position - beginning	5,209.5	5,176.0	6,443.0	6,218.0	11,652.5	11,394.0
<b>Net position - ending</b>	<b>\$ 5,146.0</b>	<b>\$ 5,209.5</b>	<b>\$ 6,777.2</b>	<b>\$ 6,443.0</b>	<b>\$ 11,923.2</b>	<b>\$ 11,652.5</b>

Total government-wide revenues of \$2,482.9 were derived primarily from fees, fines, and charges for services (37 percent) and property and other taxes (37 percent). These sources of revenues increased 8.7 percent from the prior year, primarily operating grants from the CARES Act and American Rescue Plan Act.

The total expenses of all programs were \$2,212.2. The expenses cover a range of services with the two largest being transportation (streets and highways, airport and public transit) for 30 percent and public safety (fire and police) for 27 percent.

### Governmental Activities

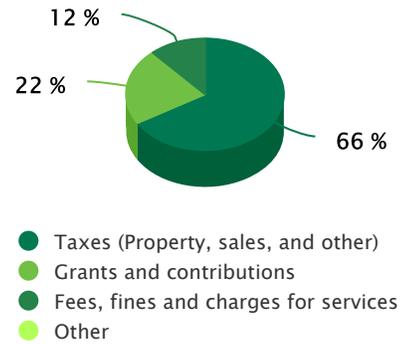
As shown in the chart, property, sales and other taxes (66 percent) and grants and contributions (22 percent) were the major sources of revenues for governmental activities.

Governmental revenues increased by \$115.0 compared to the prior year despite the susceptibility to economic shock from sales tax revenues and general fund revenues, such as licenses, permits, and fees. This increase can be attributed to the stability of property taxes and makes up 43 percent of revenues related to governmental activities. Operating grants for governmental activities increased by \$147.1 largely due to assistance from the CARES Act Coronavirus Relief Fund.

Governmental expenses increased from \$1,050.6 to \$1,260.6 during this fiscal year. This increase is mostly attributed to Public Safety needs such as The Charlotte

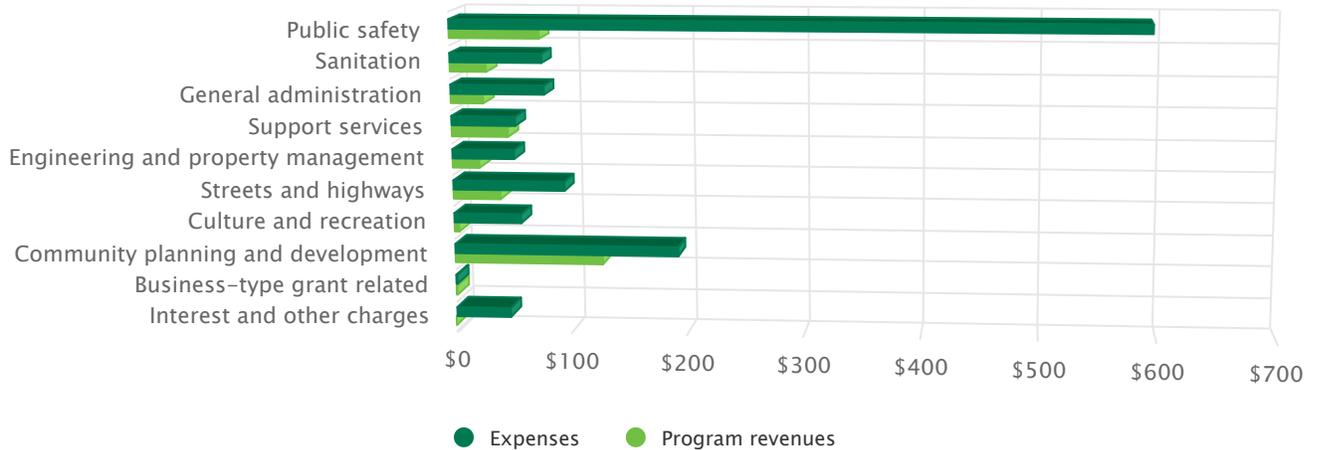
Fire Department which continues to work overtime to meet the needs of the public due to the COVID-19 pandemic.

Governmental Revenues by Source



The following chart highlights the net cost (total cost less fees generated by the activities and intergovernmental grants) of the City’s governmental programs mainly public safety, sanitation, and community planning and development. The net cost shows the financial support provided by taxes and other general revenue sources not restricted to specific programs.

Governmental Expenses Compared with Program Revenues



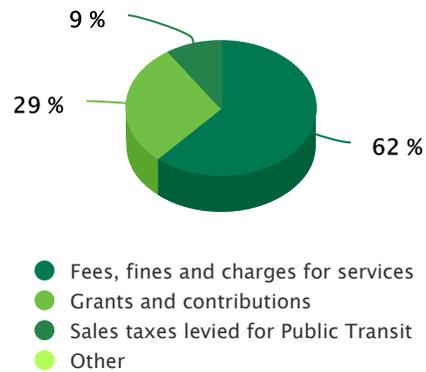
In addition to property and other taxes, the total cost of services of \$1,260.6 was supported by \$246.5 provided by other governments and organizations for specific programs and \$141.4 provided by fees, fines and charges from those who directly benefited from the programs.

**Business-type Activities**

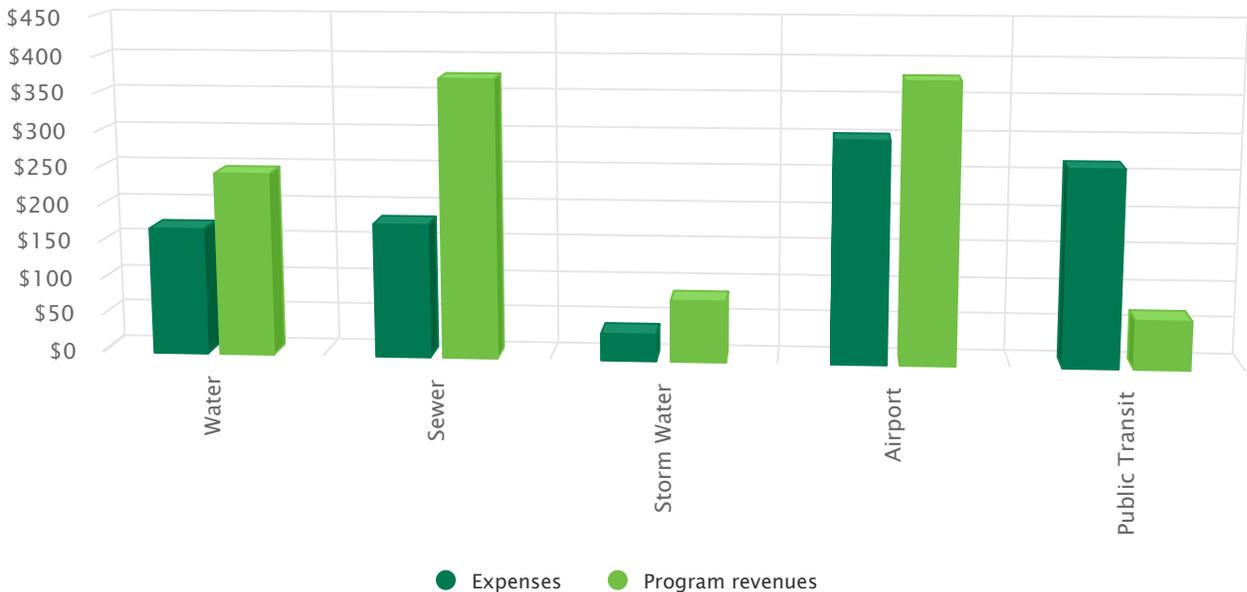
Revenues for the business-type activities were \$1,260.3, an increase of 7 percent from the prior year. This increase is mostly due to increased operating and capital grants revenue. Specifically, Airport and Public Transit revenues were \$235.9, a 24.7 percent decrease from the prior year due to less consumers traveling caused by the global pandemic.

The chart below highlights the net cost of the City's business-type programs. For all business-type activities, except Public Transit, user rates and fees are established to provide for operating expenses, debt service costs and adequate working capital. Public Transit passenger fares are established to provide reasonably priced public mass transportation and therefore may not cover all operating costs. In addition to fare revenues, state operating assistance grants, a one-half percent sales tax and contributions from other local governments fund the transit program.

Business-type Revenues by Source



Business-type Expenses Compared with Program Revenues



Overall, business-type activities expenses are down \$24.3 from the prior year due to actions implemented in fiscal year 2020 to mitigate the economic impacts of the COVID-19 pandemic that included a non-essential hiring freeze, consolidation of duties and controlled discretionary spending.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2021, the governmental funds reported a combined fund balance of \$798.5, a decrease of \$215.4, or 21.2 percent, from last year. This amount consists of the following:

- (a) \$3.3 non-spendable for inventories, perpetual care, and prepaid items,

- (b) \$289.8 restricted for State Statute and specific programs,
- (c) \$318.6 committed primarily for capital projects,
- (d) \$66.7 assigned for debt service, and
- (e) \$120.1 unassigned.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$120.1, while total fund balance reached \$197.0. The City's Capital Investment Plan Financial Policies include a policy to maintain fund balance at 16 percent of the operating budget. Any portion in excess of 16 percent is dedicated to capital expenses, unless otherwise directed by City Council. At June 30, 2021, \$7.0 is committed for capital projects.

Other major governmental funds are the debt service, capital projects, and general COVID relief funds. The debt service fund has a total fund balance of \$183.4, all of which will be used for either the payment of debt service or is restricted by State Statute. Debt service fund balance decreased \$25.7 from the prior year due in part to early redemption of debt and transfers to the capital projects fund to fund equipment purchases. The capital projects fund has a total fund balance of \$212.1, almost all of which is committed for future capital projects. Capital project fund balance decreased \$166.4 from the prior year due to increased expenditures on capital outlay. The general COVID relief fund has a total fund balance of \$105, all of which is restricted for public safety expenditures. The general COVID relief fund did not meet the criteria for presentation as a major fund in fiscal year 2020. General COVID relief fund balance increased \$3,554 from the prior year due primarily to an increase in the amount due from other governments.

**Proprietary funds.** Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to \$245.0 in the Water and Sewer fund, \$113.8 in the Storm Water fund, \$511.1 in the Airport fund and \$255.9 in the Public Transit fund. The changes in net position for the funds were \$274.6, \$40.2, \$82.5 and (\$55.2), respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues were \$12.3 over the final budgeted amount. Sales, utilities, and other taxes were \$11.3 more than expected due to federal stimulus funds used to mitigate the effects of the pandemic on consumers and boost the economy.

The fiscal 2021 budget increased 1.22 percent over the fiscal 2020 budget to address the Mayor and Council's priorities, including neighborhood improvements, community safety, and economic growth locally and globally through business developments. The two largest revenue sources in the general fund are property tax and sales tax which comprise 69.16 percent of total revenue.

Actual expenditures were \$2.4 below final budget amounts for fiscal year 2021. This discipline in spending has been part of the City's strategy over the last few years of maintaining strong reserves, being structurally balanced, having a long-term strategy for infrastructure, and protecting core services from volatile revenue, which has allowed successful management through the shocks of COVID-19.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** At June 30, 2021, the City had \$15,263.4 (net of accumulated depreciation) in capital assets consisting primarily of land, buildings, roads, and water and sewer lines. This amount represents a net increase of \$739.1, or 5.1 percent over last year. The following is a summary of capital assets at June 30, 2021 and 2020:

	Capital Assets					
	(Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,612.1	\$ 3,529.4	\$ 633.9	\$ 624.4	\$ 4,246.0	\$ 4,153.8
Buildings	898.3	857.4	1,034.4	1,036.3	1,932.7	1,893.7
Improvements other than buildings	-	-	5,724.3	5,278.1	5,724.3	5,278.1
Infrastructure	1,609.3	1,614.3	-	-	1,609.3	1,614.3
Intangibles	8.6	12.5	25.4	26.3	34.0	38.8
Machinery and equipment	80.7	70.5	316.1	320.3	396.8	390.8
Construction in progress	480.5	446.7	839.8	708.1	1,320.3	1,154.8
<b>Totals</b>	<b>\$ 6,689.5</b>	<b>\$ 6,530.8</b>	<b>\$ 8,573.9</b>	<b>\$ 7,993.5</b>	<b>\$ 15,263.4</b>	<b>\$ 14,524.3</b>

This year’s major capital asset additions included:

- CMPD Division Substations – \$48.3
- Terminal Lobby Expansion - \$37.7
- McAlpine Aeration & Clarifier Rehab - \$27.1
- Myrtle and Morehead Storm Water System - \$25.0

At June 30, 2021, authorized and unexpended capital projects totaled \$2,577.4 as follows: Governmental \$945.6, Water and Sewer \$717.8, Storm Water \$135.1, Airport \$531.1, and Public Transit \$245.8. The City has plans to issue additional debt to finance these projects in addition to using resources currently available.

More detailed information about the City’s capital assets is presented in Note 4.f. to the financial statements.

**Long-term debt.** At June 30, 2021, the City had \$4,915.6 of debt outstanding in bonds, installment purchases, derivative instrument liability, and other financing agreements. This was a decrease of \$35.1 over last year. Details by type of debt are presented in the following table:

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General obligation bonds (backed by the City’s taxing authority)	\$ 694.2	\$ 753.5	\$ 15.9	\$ 33.6	\$ 710.1	\$ 787.1
Revenue bonds (backed by specific fee revenues)	-	-	2,860.0	2,533.6	2,860.0	2,533.6
Direct placement installment purchases	597.8	690.2	168.0	263.8	765.8	954.0
Direct placement general obligation bond anticipation notes	136.6	66.6	-	-	136.6	66.6
Direct placement revenue bond anticipation notes	-	-	119.3	280.0	119.3	280.0
Derivative instrument liability	39.2	53.2	35.2	46.0	74.4	99.2
Swaption borrowing payable	4.7	5.2	-	-	4.7	5.2
Direct borrowing TIFIA loan agreement	-	-	168.4	172.4	168.4	172.4
Direct borrowing section 108 loan guarantee	2.8	2.8	-	-	2.8	2.8
Direct borrowing loans and other financing agreements	-	-	73.5	49.8	73.5	49.8
<b>Totals</b>	<b>\$ 1,475.3</b>	<b>\$ 1,571.5</b>	<b>\$ 3,440.3</b>	<b>\$ 3,379.2</b>	<b>\$ 4,915.6</b>	<b>\$ 4,950.7</b>

New debt for 2021 resulted from issuing revenue bonds (\$818.1) for refunding debt and issuing bond anticipation notes (\$359.2).

The City’s sound financial condition is evidenced by the continuation of its Aaa rating from Moody’s Investors Service and AAA rating from Standard & Poor’s Ratings Services and Fitch Ratings. Charlotte is one of the few major cities in the nation that maintains the highest financial category rating from these rating agencies. This achievement is a primary factor in keeping interest costs low on the City’s outstanding debt.

The City’s total debt of \$4,915.6 arises from both governmental and business-type activities. The largest portion of debt is revenue bonds, 58.2 percent, which are backed by specific fee revenues, rather than the City’s taxing authority.

North Carolina General Statutes limit the amount of general obligation debt that the City can issue to 8 percent of the total assessed value of taxable property. The legal debt margin for the City at June 30, 2021 was \$9.7 billion. The City had \$576.1 in authorized but unissued debt for streets, housing, and neighborhood improvements.

More detailed information about the City’s long-term liabilities is presented in Note 4.j. of the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic indicators impact the City's budget outlook:

- During fiscal year 2021, 25,871 building permits were issued with a value of over \$6.2 billion compared to 22,406 permits for 2020.
- Retail sales during fiscal year 2021 were \$26.1 billion compared to \$23.7 billion for fiscal year 2020. Sales tax revenue is projected to fall by 8.5 percent next year due to decline in economic activity.
- The June 2021 unemployment rate was 5.1 percent compared to 4.9 percent for the State and 6.1 percent for the nation. As of March 2021, employment stood at 4.47 million, about 160,000 jobs less than the February 2020 high. The state's economy has continued to add jobs since May 2020, adding an average of about 30,000 jobs per month. At this pace, North Carolina could return to pre-pandemic employment levels by the end of 2021.
- Assessed property valuations are expected to exceed \$151.2 billion for 2022 compared to \$146.5 billion for 2021, or an increase of 3.2 percent.
- In March 2021 the American Rescue Plan Act (ARPA) was passed in Congress, announcing additional funds for eligible local governments throughout the country. The City received \$70.8 million in ARPA funds to help offset financial impacts of the pandemic.
- The largest revenue impacts to the City from COVID-19 are enterprise fund service fees (Aviation and Public Transit), prepared food and beverage taxes, and occupancy taxes.

The fiscal 2022 operating budget is \$1,729.1, an increase of 8.0 percent over fiscal year 2021. The development of the 2021 budget included a review of revenue and financial approaches that maintain a good value to tax and rate-payers, are consistent with Council policy, and uphold the city's strong financial ratings.

The 2022 General fund budget increased by \$31.9 to \$750.7 and reflects a 4.4 percent increase from fiscal year 2021. The two largest revenue sources in the General fund are property tax and sales tax which comprise approximately 69.4 percent of total revenue.

The following are highlights for the 2022 budgets for the business-type activities:

- The Water and Sewer budget is \$178.1, a 3.3 percent increase over 2021. There was 22.0 net change in full time equivalent positions.
- The Storm Water budget is \$22.4, a 4.7 percent increase from 2021 and includes a reduction of \$10.0 in pay-as-you-go contributions to its Capital Investment Plan.
- The Airport budget is \$187.1, a 1.7 percent increase from 2021, and includes an increase of \$2.2 in funds for activity-based contracts to restore funding for service contracts that were reduced in FY 2021 due to the impact COVID-19 had on passenger operations.
- The Public Transit budget is \$185.8, a 5.8 percent increase over 2021, and includes an increase of \$2.6 in general fund services to update the reimbursement for central support services provided by the General Fund. These services include critical life safety and law enforcement operations provided by Charlotte-Mecklenburg Police Department.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning this report or requests for additional financial information should be directed to the City of Charlotte's Finance Department, 600 East Fourth Street, Charlotte, NC 28202-2848.





THIS PAGE INTENTIONALLY LEFT BLANK



# Basic Financial Statements

Annual Comprehensive Financial Report 2021



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**  
**(Dollar Amounts in Thousands)**

	Primary Government			Component Unit Charlotte Regional Visitors Authority
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 763,667	\$ 1,179,605	\$ 1,943,272	\$ 20,630
Receivables, net	18,342	120,270	138,612	2,556
Due from other governmental agencies	105,875	122,790	228,665	676
Due from component unit	2,451	-	2,451	-
Due from primary government	-	-	-	1,118
Internal balances	(331)	331	-	-
Inventories	71	16,408	16,479	468
Prepaid items	747	1,546	2,293	1,300
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	913	283,000	283,913	-
Investments	101,058	171,496	272,554	-
Permanently restricted-				
Cash, cash equivalents and investments	3,149	-	3,149	-
Notes receivable	126,362	-	126,362	-
Restricted Net OPEB asset (Note 5.f.)	-	42,758	42,758	-
Capital assets (Note 4.f.)				
Land	3,612,135	633,930	4,246,065	-
Buildings, improvements, infrastructure, intangibles, and machinery and equipment, net	2,596,934	7,100,098	9,697,032	-
Construction in progress	480,478	839,829	1,320,307	-
<b>Total assets</b>	<b>7,811,851</b>	<b>10,512,061</b>	<b>18,323,912</b>	<b>26,748</b>
<b>Deferred Outflows Of Resources:</b>				
Pension deferrals (Note 5)	595,698	25,417	621,115	3,042
OPEB deferrals (Note 5.f.)	82,183	9,619	91,802	10,821
Contributions to pension plan in current fiscal year (Note 5)	51,554	15,001	66,555	1,502
Accumulated decrease in fair value of hedging derivatives	39,167	35,248	74,415	-
Loss on refundings	561	-	561	-
Unamortized bond refunding charges	2,108	7,356	9,464	-
<b>Total deferred outflows of resources</b>	<b>771,271</b>	<b>92,641</b>	<b>863,912</b>	<b>15,365</b>
<b>Liabilities:</b>				
Accounts payable/claims payable	117,957	106,587	224,544	7,903
Deposits and retainage payable	19,385	27,657	47,042	5,345
Accrued interest payable	9,940	29,356	39,296	-
Due to component unit	1,084	34	1,118	-
Due to primary government	-	-	-	2,451
Unearned revenues	91,440	4,306	95,746	25
Liabilities payable from restricted assets	12,181	75,640	87,821	-
Noncurrent liabilities:				
Due within one year	132,952	157,175	290,127	-
Due after one year-				
Net pension liability (Note 5)	1,019,687	70,790	1,090,477	8,829
Total OPEB liability (Note 5.f.)	227,250	374	227,624	36,819
Bonds, notes, claims and compensated absences	1,429,591	3,284,325	4,713,916	1,424
<b>Total liabilities</b>	<b>3,061,467</b>	<b>3,756,244</b>	<b>6,817,711</b>	<b>62,796</b>
<b>Deferred Inflows Of Resources:</b>				
Prepaid taxes	91	-	91	-
Pension deferrals (Note 5)	58,107	-	58,107	112
OPEB deferrals (Note 5.f.)	284,554	33,307	317,861	1,674
Gain on refundings	32,918	37,905	70,823	-
<b>Total deferred inflows of resources</b>	<b>375,670</b>	<b>71,212</b>	<b>446,882</b>	<b>1,786</b>
<b>Net Position:</b>				
Net investment in capital assets	5,223,083	5,234,775	10,457,858	-
Restricted for:				
State statute	87,102	-	87,102	-
Debt service	-	83,803	83,803	-
Perpetual care - Nonexpendable	3,149	-	3,149	-
Other purposes (Note 1.d.(8))	202,696	-	202,696	-
Passenger facility charges	-	242,326	242,326	-
Contract facility charges	-	5,192	5,192	-
Airport working capital	-	42,605	42,605	-
Net OPEB asset (Note 5.f.)	-	42,758	42,758	-
Unrestricted	(370,045)	1,125,787	755,742	(22,469)
<b>Total net position</b>	<b>\$ 5,145,985</b>	<b>\$ 6,777,246</b>	<b>\$ 11,923,231</b>	<b>\$ (22,469)</b>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL SECTION**

*Basic Financial Statements*

**CITY OF CHARLOTTE, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental-				
Public safety	\$ 591,536	\$ 42,619	\$ 26,960	\$ 8,090
Sanitation	78,589	24,756	7,749	-
General administration	81,680	3,699	24,163	-
Support services	55,722	45,005	3,445	-
Engineering and property management	54,293	9,538	14,699	106
Streets and highways	96,805	5,901	18,382	17,434
Culture and recreation	59,311	(9)	5,493	-
Community planning and development	193,394	9,906	117,831	993
Business-type grant related	842	-	1,161	-
Interest and other charges	48,443	-	-	-
<b>Total governmental</b>	<b>1,260,615</b>	<b>141,415</b>	<b>219,883</b>	<b>26,623</b>
Business-type-				
Water	170,468	177,114	-	69,311
Sewer	178,774	281,555	-	92,647
Storm water	37,433	82,043	-	-
Airport	299,652	224,505	122,649	29,542
Public transit	265,234	11,410	42,245	11,111
<b>Total business-type</b>	<b>951,561</b>	<b>776,627</b>	<b>164,894</b>	<b>202,611</b>
<b>Total primary government</b>	<b>\$ 2,212,176</b>	<b>\$ 918,042</b>	<b>\$ 384,777</b>	<b>\$ 229,234</b>
Component Unit:				
Charlotte Regional Visitors Authority	\$ 57,213	\$ 11,277	\$ -	\$ -
General revenues:				
Taxes-				
Property				
Sales				
Sales, levied for Public transit				
Utility franchise				
Occupancy				
Prepared foods				
Business privilege				
Municipal vehicle				
Payment from City of Charlotte				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Gain on early defeasance of debt				
Transfers				
<b>Total general revenues and transfers</b>				
Change in net position				
<b>Net position - beginning</b>				
<b>Net position - ending</b>				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
\$ (513,867)	\$ -	\$ (513,867)	\$ -
(46,084)	-	(46,084)	-
(53,818)	-	(53,818)	-
(7,272)	-	(7,272)	-
(29,950)	-	(29,950)	-
(55,088)	-	(55,088)	-
(53,827)	-	(53,827)	-
(64,664)	-	(64,664)	-
319	-	319	-
(48,443)	-	(48,443)	-
<b>(872,694)</b>	<b>-</b>	<b>(872,694)</b>	<b>-</b>
-	75,957	75,957	-
-	195,428	195,428	-
-	44,610	44,610	-
-	77,044	77,044	-
-	(200,468)	(200,468)	-
-	<b>192,571</b>	<b>192,571</b>	-
<b>(872,694)</b>	<b>192,571</b>	<b>(680,123)</b>	-
-	-	-	(45,936)
523,285	-	523,285	-
153,368	-	153,368	-
-	116,669	116,669	-
51,958	-	51,958	-
29,260	-	29,260	-
32,174	-	32,174	-
10	-	10	-
19,044	-	19,044	-
-	-	-	35,436
22,988	-	22,988	-
(1,122)	(3,236)	(4,358)	24
(477)	2,728	2,251	27
4,189	-	4,189	-
(25,458)	25,458	-	-
<b>809,219</b>	<b>141,619</b>	<b>950,838</b>	<b>35,487</b>
(63,475)	334,190	270,715	(10,449)
<b>5,209,460</b>	<b>6,443,056</b>	<b>11,652,516</b>	<b>(12,020)</b>
<b>\$ 5,145,985</b>	<b>\$ 6,777,246</b>	<b>\$ 11,923,231</b>	<b>\$ (22,469)</b>

**FINANCIAL SECTION**

*Basic Financial Statements*

**CITY OF CHARLOTTE, NORTH CAROLINA**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

June 30, 2021

(Dollar Amounts in Thousands)

	General	Debt Service	Capital Projects	General COVID Relief	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash, cash equivalents and investments	\$ 186,288	\$ 164,824	\$ 103,592	\$ -	\$ 183,443	\$ 638,147
Receivables, net:						
Property taxes	8,449	2,086	245	-	255	11,035
Accounts	4,388	23	1,454	-	20	5,885
Other	-	-	-	-	179	179
<b>Total receivables</b>	<b>12,837</b>	<b>2,109</b>	<b>1,699</b>	<b>-</b>	<b>454</b>	<b>17,099</b>
Due from other governmental agencies	51,004	7,588	23,692	7,725	15,852	105,861
Due from other funds	1,586	10,910	-	-	373	12,869
Due from component unit	-	2,153	298	-	-	2,451
Inventories	-	-	71	-	-	71
Prepaid items	13	-	-	-	82	95
Restricted assets:						
Cash and cash equivalents	-	83	830	-	-	913
Investments	-	32	22,681	7,535	70,810	101,058
<b>Total restricted assets</b>	<b>-</b>	<b>115</b>	<b>23,511</b>	<b>7,535</b>	<b>70,810</b>	<b>101,971</b>
Notes receivable	-	-	99,003	-	27,359	126,362
<b>Total assets</b>	<b>\$ 251,728</b>	<b>\$ 187,699</b>	<b>\$ 251,866</b>	<b>\$ 15,260</b>	<b>\$ 298,373</b>	<b>\$ 1,004,926</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 31,252	\$ 27	\$ 11,001	\$ 669	\$ 6,442	\$ 49,391
Deposits and retainage payable	10,638	-	8,055	-	692	19,385
Due to other funds	350	-	6,226	6,078	954	13,608
Due to component unit	-	-	186	-	898	1,084
Unearned revenues	-	-	-	8,408	83,032	91,440
Liabilities payable from restricted assets	-	-	12,198	-	-	12,198
<b>Total liabilities</b>	<b>42,240</b>	<b>27</b>	<b>37,666</b>	<b>15,155</b>	<b>92,018</b>	<b>187,106</b>
<b>Deferred inflows of resources:</b>						
Prepaid taxes	91	-	-	-	-	91
Unavailable revenues	12,383	4,239	2,108	-	533	19,263
<b>Total deferred inflows of resources</b>	<b>12,474</b>	<b>4,239</b>	<b>2,108</b>	<b>-</b>	<b>533</b>	<b>19,354</b>
<b>Fund balances:</b>						
Nonspendable:						
Inventories	-	-	71	-	-	71
Perpetual care	-	-	-	-	3,149	3,149
Prepaid items	13	-	-	-	82	95
Restricted:						
State statute	68,577	18,525	-	-	-	87,102
Other purposes (Note 1.d.(8))	-	-	-	105	202,591	202,696
Committed:						
Capital projects	7,048	-	212,021	-	-	219,069
Other purposes (Note 1.d.(8))	1,261	98,234	-	-	-	99,495
Assigned:						
Debt service	-	66,674	-	-	-	66,674
Unassigned (Note 1.d.(8))	120,115	-	-	-	-	120,115
<b>Total fund balances</b>	<b>197,014</b>	<b>183,433</b>	<b>212,092</b>	<b>105</b>	<b>205,822</b>	<b>798,466</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 251,728</b>	<b>\$ 187,699</b>	<b>\$ 251,866</b>	<b>\$ 15,260</b>	<b>\$ 298,373</b>	<b>\$ 1,004,926</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**June 30, 2021**  
**(Dollar Amounts in Thousands)**

Total fund balances for governmental funds	\$	798,466
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,689,540
Contributions to pension plans in the current fiscal year are deferred outflows of resources.		51,382
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		29,111
Internal service funds are used to charge the costs of insured and uninsured risks of loss as well as employee health and life claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		44,858
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (Note 2.a.)		(1,557,243)
Net pension liability		(1,018,877)
Pension related deferrals		537,300
Net OPEB liability		(226,654)
OPEB related deferrals		(201,898)
Total net position of governmental activities	\$	<u>5,145,985</u>

The notes to the financial statements are an integral part of this statement.

## FINANCIAL SECTION

### Basic Financial Statements

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	General	Debt Service	Capital Projects	General COVID Relief	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 405,057	\$ 100,160	\$ 10,750	\$ -	\$ 7,217	\$ 523,184
Other taxes	113,577	25,998	27,143	-	61,221	227,939
Intergovernmental	100,600	-	13,787	166,677	50,330	331,394
Licenses, fees and fines	40,198	60	18,064	-	-	58,322
Investment earnings	(68)	332	259	50	704	1,277
Administrative charges	51,455	-	-	-	-	51,455
Charges for current services	12,449	-	281	-	-	12,730
Miscellaneous	2,408	28	683	-	7,348	10,467
Private contributions	-	-	2,945	-	-	2,945
<b>Total revenues</b>	<b>725,676</b>	<b>126,578</b>	<b>73,912</b>	<b>166,727</b>	<b>126,820</b>	<b>1,219,713</b>
<b>Expenditures:</b>						
Current-						
Public safety	431,415	10,237	-	15,808	14,524	471,984
Sanitation	68,367	713	-	6,873	-	75,953
General administration	47,097	926	-	24,155	1,594	73,772
Support services	46,667	700	-	2,515	-	49,882
Engineering and property management	21,466	1,104	-	13,921	-	36,491
Streets and highways	35,423	1,149	-	408	24,168	61,148
Culture and recreation	5,036	-	-	-	34,237	39,273
Community planning and development	36,856	704	-	98,651	24,439	160,650
Business-type grant funded	-	-	-	842	-	842
Debt service-						
Principal	-	139,069	-	-	-	139,069
Interest and other charges	-	61,155	-	-	-	61,155
Capital outlay	-	-	311,207	-	-	311,207
<b>Total expenditures</b>	<b>692,327</b>	<b>215,757</b>	<b>311,207</b>	<b>163,173</b>	<b>98,962</b>	<b>1,481,426</b>
Excess (deficiency) of revenues over (under) expenditures	33,349	(89,179)	(237,295)	3,554	27,858	(261,713)
<b>Other Financing Sources (Uses):</b>						
Sales of capital assets	1,345	-	-	-	369	1,714
General obligation bonds issued	-	-	70,027	-	-	70,027
Transfers in	4,550	127,075	84,455	-	9,781	225,861
Transfers out	(36,197)	(63,643)	(83,589)	-	(67,848)	(251,277)
<b>Total other financing sources (uses)</b>	<b>(30,302)</b>	<b>63,432</b>	<b>70,893</b>	<b>-</b>	<b>(57,698)</b>	<b>46,325</b>
Net change in fund balances	3,047	(25,747)	(166,402)	3,554	(29,840)	(215,388)
<b>Fund balances - beginning</b>	<b>193,967</b>	<b>209,180</b>	<b>378,494</b>	<b>(3,449)</b>	<b>235,662</b>	<b>1,013,854</b>
<b>Fund balances - ending</b>	<b>\$ 197,014</b>	<b>\$ 183,433</b>	<b>\$ 212,092</b>	<b>\$ 105</b>	<b>\$ 205,822</b>	<b>\$ 798,466</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

Net change in fund balances - total governmental funds	\$	(215,388)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (Note 2.b.)		87,830
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.		51,382
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (Note 2.b.)		70,907
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		972
The issuance of long-term debt (e.g., bonds and installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position in the government-wide statements. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2.b.)		73,723
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 2.b.)		(117,758)
Internal service funds are used to charge the costs of insured and uninsured risks of loss as well as employee health and life claims to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.		<u>(15,143)</u>
Change in net position of governmental activities	\$	<u><u>(63,475)</u></u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL SECTION**

*Basic Financial Statements*

**CITY OF CHARLOTTE, NORTH CAROLINA  
STATEMENT OF BUDGETARY COMPARISON  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 400,179	\$ 400,179	\$ 405,057	\$ 4,878
Sales tax	92,471	92,471	109,554	17,083
Other taxes	5,936	5,936	4,023	(1,913)
Utilities sales tax	55,799	55,799	51,958	(3,841)
CATV franchises	7,222	7,222	6,897	(325)
Other intergovernmental	45,293	45,293	41,745	(3,548)
Refuse fees	24,160	24,160	24,551	391
Other licenses, fees and fines	15,822	15,822	15,647	(175)
Investment earnings	1,673	1,673	(68)	(1,741)
Administrative charges	50,763	50,763	51,455	692
Charges for current services	11,623	11,623	12,449	826
Miscellaneous	2,876	2,876	2,408	(468)
Sales of capital assets	920	920	1,345	425
Transfers in-				
Debt Service	123	123	123	-
Special Revenue:				
Convention Center Tax	3,930	4,408	4,408	-
Cemetery Trust	19	19	19	-
<b>Total transfers in</b>	<b>4,072</b>	<b>4,550</b>	<b>4,550</b>	<b>-</b>
Resources available for appropriation	718,809	719,287	731,571	\$ <b>12,284</b>
Fund balance appropriated (contributed)	-	27,172	12,486	
<b>Total amounts available for appropriation</b>	<b>\$ 718,809</b>	<b>\$ 746,459</b>	<b>\$ 744,057</b>	
<b>Expenditures:</b>				
Public safety	\$ 427,945	\$ 432,132	\$ 436,744	\$ (4,612)
Sanitation	69,698	70,127	70,559	(432)
General administration	53,354	50,731	48,657	2,074
Support services	44,248	50,279	48,665	1,614
Engineering and property management	23,486	24,565	22,244	2,321
Streets and highways	37,009	37,910	36,941	969
Culture and recreation	5,036	5,036	5,036	-
Community planning and development	37,329	39,773	39,014	759
Transfers out-				
Debt Service	19,065	19,065	19,065	-
Capital Projects	-	14,908	15,199	(291)
Special Revenue:				
Tourism	1,291	1,290	1,290	-
Public Safety and Other Grants	348	393	393	-
Neighborhood Development	-	250	250	-
<b>Total transfers out</b>	<b>20,704</b>	<b>35,906</b>	<b>36,197</b>	<b>(291)</b>
<b>Total charges to appropriations</b>	<b>\$ 718,809</b>	<b>\$ 746,459</b>	<b>\$ 744,057</b>	<b>\$ 2,402</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF BUDGETARY COMPARISON TO THE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

Sources (inflows) of resources:

Actual amounts (budgetary basis) "available for appropriation" from the statement of budgetary comparison	\$	744,057
Differences - budget to GAAP:		
Contributed fund balance is a budgetary resource available for appropriation but is not a current-year revenue for financial reporting purposes.		(12,486)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.		(4,550)
Proceeds from the sale of salvage and land are budgetary resources but are regarded as other financing resources, rather than revenue, for financial reporting purposes.		(1,345)
		(1,345)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$	725,676

Uses (outflows) of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of budgetary comparison	\$	744,057
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(15,533)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.		(36,197)
		(36,197)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$	692,327

The notes to the financial statements are an integral part of this statement.

## FINANCIAL SECTION

### Basic Financial Statements

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2021**  
**(Dollar Amounts in Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 246,050	\$ 111,700	\$ 653,116
Receivables, net-			
Accounts	61,498	12,084	41,908
Other	385	166	1,327
<b>Total receivables</b>	<b>61,883</b>	<b>12,250</b>	<b>43,235</b>
Due from other governmental agencies	6,202	1,070	17,646
Due from other funds	307	-	82
Prepaid items	-	-	495
Inventories	1,926	-	-
Restricted assets-			
Cash and cash equivalents	-	3	282,997
Investments	210	-	169,153
<b>Total restricted assets</b>	<b>210</b>	<b>3</b>	<b>452,150</b>
<b>Total current assets</b>	<b>316,578</b>	<b>125,023</b>	<b>1,166,724</b>
Noncurrent assets:			
Net OPEB asset	30,412	-	11,932
Capital assets-			
Land	56,424	768	399,315
Buildings	48,804	-	1,330,295
Improvements other than buildings:			
Water and sewer systems	5,750,408	-	-
Storm water systems	-	985,391	-
Runways	-	-	499,220
Transit corridors	-	-	-
Other	-	-	351,246
<b>Total improvements other than buildings</b>	<b>5,750,408</b>	<b>985,391</b>	<b>850,466</b>
Intangibles	26,274	3,619	16,468
Machinery and equipment	72,818	382	162,870
Construction in progress	417,865	26,226	352,936
<b>Total capital assets</b>	<b>6,372,593</b>	<b>1,016,386</b>	<b>3,112,350</b>
Less accumulated depreciation	2,131,801	115,836	1,025,096
<b>Total capital assets, net</b>	<b>4,240,792</b>	<b>900,550</b>	<b>2,087,254</b>
<b>Total noncurrent assets</b>	<b>4,271,204</b>	<b>900,550</b>	<b>2,099,186</b>
<b>Total assets</b>	<b>4,587,782</b>	<b>1,025,573</b>	<b>3,265,910</b>
<b>Deferred Outflows Of Resources:</b>			
Pension deferrals	10,315	2,136	7,630
OPEB deferrals	4,850	839	2,268
Contributions to pension plan in current fiscal year	6,088	1,261	4,503
Accumulated decreases in fair value of hedging derivatives	35,248	-	-
Unamortized bond refunding charges	6,274	518	564
<b>Total deferred outflows of resources</b>	<b>62,775</b>	<b>4,754</b>	<b>14,965</b>

The notes to the financial statements are an integral part of this statement.

<b>Enterprise Funds</b>		<b>Governmental</b>
<b>Public Transit</b>	<b>Total</b>	<b>Activities - Internal Service Funds</b>
\$ 168,739	\$ 1,179,605	\$ 128,669
2,598	118,088	-
304	2,182	313
<b>2,902</b>	<b>120,270</b>	<b>313</b>
97,872	122,790	14
-	389	350
1,051	1,546	652
14,482	16,408	-
-	283,000	-
2,133	171,496	-
<b>2,133</b>	<b>454,496</b>	-
<b>287,179</b>	<b>1,895,504</b>	<b>129,998</b>
414	42,758	-
177,423	633,930	-
410,769	1,789,868	-
-	5,750,408	-
-	985,391	-
-	499,220	-
942,632	942,632	-
48,285	399,531	-
<b>990,917</b>	<b>8,577,182</b>	-
24,675	71,036	-
384,914	620,984	165
42,802	839,829	-
<b>2,031,500</b>	<b>12,532,829</b>	<b>165</b>
686,239	3,958,972	158
<b>1,345,261</b>	<b>8,573,857</b>	<b>7</b>
<b>1,345,675</b>	<b>8,616,615</b>	<b>7</b>
<b>1,632,854</b>	<b>10,512,119</b>	<b>130,005</b>
5,336	25,417	291
1,662	9,619	192
3,149	15,001	172
-	35,248	-
-	7,356	-
<b>10,147</b>	<b>92,641</b>	<b>655</b>

Continued on next page

## FINANCIAL SECTION

### Basic Financial Statements

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION-(Continued)**  
**PROPRIETARY FUNDS**  
**June 30, 2021**  
**(Dollar Amounts In Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 56,364	\$ 10,940	\$ 25,247
Claims payable	-	-	-
Deposits and retainage payable	16,513	5,541	1,585
Accrued interest payable	27,768	702	-
Due to component unit	-	-	34
Unearned revenue	-	-	4,306
Current maturities of noncurrent liabilities	90,876	11,217	1,905
Current liabilities payable from restricted assets-			
Accounts payable	204	-	22,837
Deposits and retainage payable	-	-	12,301
Accrued interest payable	-	-	17,190
Revenue bonds payable	-	-	20,975
<b>Total current liabilities payable from restricted assets</b>	<b>204</b>	<b>-</b>	<b>73,303</b>
<b>Total current liabilities</b>	<b>191,725</b>	<b>28,400</b>	<b>106,380</b>
Noncurrent liabilities:			
General obligation bonds payable - net of unamortized premium	8,161	1,014	-
Revenue bonds payable - net of unamortized premium	1,385,737	241,187	1,129,099
Revenue bond anticipation notes payable	85,000	-	34,266
Installment purchases - net of unamortized premium	12,533	-	-
TIFIA loan agreement	-	-	-
Derivative instrument liability	35,248	-	-
Federal revolving loan payable	-	647	-
State revolving loan payable	71,537	-	-
Refundable water and sewer construction deposits	2,384	-	-
Due to participants	-	-	-
Compensated absences payable	4,313	825	2,813
Net pension liability	28,728	5,949	21,251
Net OPEB liability	-	374	-
<b>Total noncurrent liabilities</b>	<b>1,633,641</b>	<b>249,996</b>	<b>1,187,429</b>
<b>Total liabilities</b>	<b>1,825,366</b>	<b>278,396</b>	<b>1,293,809</b>
<b>Deferred Inflows Of Resources:</b>			
OPEB deferrals	16,794	2,905	7,854
Gain on refundings	29,371	1,467	6,003
<b>Total deferred inflows of resources</b>	<b>46,165</b>	<b>4,372</b>	<b>13,857</b>
<b>Net Position:</b>			
Net investment in capital assets	2,503,569	633,781	1,076,222
Restricted for:			
Debt service	-	-	83,803
Passenger facility charges	-	-	242,326
Contract facility charges	-	-	5,192
Working capital	-	-	42,605
Net OPEB asset	30,412	-	11,932
Unrestricted	245,045	113,778	511,129
<b>Total net position</b>	<b>\$ 2,779,026</b>	<b>\$ 747,559</b>	<b>\$ 1,973,209</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.  
 Net position of business-type activities

The notes to the financial statements are an integral part of this statement.

<b>Enterprise Funds</b>		<b>Governmental Activities -</b>	
<b>Public Transit</b>	<b>Total</b>	<b>Internal Service Funds</b>	
\$ 14,036	\$ 106,587	\$ 1,784	
-	-	66,782	
4,018	27,657	-	
886	29,356	-	
-	34	-	
-	4,306	-	
53,177	157,175	57	
883	23,924	-	
1,250	13,551	-	
-	17,190	-	
-	20,975	-	
<b>2,133</b>	<b>75,640</b>	-	
<b>74,250</b>	<b>400,755</b>	<b>68,623</b>	
-	9,175	-	
-	2,756,023	-	
-	119,266	-	
101,453	113,986	-	
164,334	164,334	-	
-	35,248	-	
-	647	-	
-	71,537	-	
-	2,384	-	
-	-	14,997	
3,774	11,725	169	
14,862	70,790	810	
-	374	596	
<b>284,423</b>	<b>3,355,489</b>	<b>16,572</b>	
<b>358,673</b>	<b>3,756,244</b>	<b>85,195</b>	
5,754	33,307	665	
1,064	37,905	-	
<b>6,818</b>	<b>71,212</b>	<b>665</b>	
1,021,203	5,234,775	7	
-	83,803	-	
-	242,326	-	
-	5,192	-	
-	42,605	-	
414	42,758	-	
255,893	1,125,845	44,793	
<b>\$ 1,277,510</b>	6,777,304	<b>\$ 44,800</b>	
	(58)		
	<b>\$ 6,777,246</b>		

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>Operating Revenues:</b>			
Charges for services	\$ 363,572	\$ 82,043	\$ 158,900
Availability fees	50,813	-	-
System development fees	38,890	-	-
Miscellaneous	5,394	-	12,484
<b>Total operating revenues</b>	<b>458,669</b>	<b>82,043</b>	<b>171,384</b>
<b>Operating Expenses:</b>			
Administration	30,794	3,006	38,058
Operations and maintenance	109,675	11,609	101,871
Claims and insurance premiums	-	-	-
Other	11,694	-	14,935
Depreciation	144,204	15,101	83,930
<b>Total operating expenses</b>	<b>296,367</b>	<b>29,716</b>	<b>238,794</b>
Operating income (loss)	162,302	52,327	(67,410)
<b>Nonoperating Revenues (Expenses):</b>			
Sales tax	-	-	-
Grant contributions	-	-	122,649
Passenger facility charges	-	-	45,961
Contract facility charges	-	-	7,160
Investment earnings	(1,133)	(273)	(1,053)
Interest expense and other charges	(49,861)	(7,295)	(39,871)
Non-airline terminal revenue distribution	-	-	(19,122)
Miscellaneous	1,640	(4,543)	4,891
<b>Total nonoperating revenues (expenses)</b>	<b>(49,354)</b>	<b>(12,111)</b>	<b>120,615</b>
Income (loss) before contributions and transfers	112,948	40,216	53,205
Capital Contributions	161,958	-	29,542
Transfers In	-	-	-
Transfers Out	(345)	(54)	(202)
Change in net position	274,561	40,162	82,545
<b>Total net position - beginning</b>	<b>2,504,465</b>	<b>707,397</b>	<b>1,890,664</b>
<b>Total net position - ending</b>	<b>\$ 2,779,026</b>	<b>\$ 747,559</b>	<b>\$ 1,973,209</b>

Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds  
Change in net position of business-type activities

The notes to the financial statements are an integral part of this statement.

<b>Enterprise Funds</b>		<b>Governmental Activities -</b>	
<b>Public Transit</b>	<b>Total</b>	<b>Internal Service Funds</b>	
\$ 11,410	\$ 615,925	\$	138,142
-	50,813		-
-	38,890		-
-	17,878		-
<b>11,410</b>	<b>723,506</b>		<b>138,142</b>
18,322	90,180		19,366
142,217	365,372		-
-	-		141,667
-	26,629		-
89,683	332,918		3
<b>250,222</b>	<b>815,099</b>		<b>161,036</b>
(238,812)	(91,593)		(22,894)
116,669	116,669		-
42,245	164,894		-
-	45,961		-
-	7,160		-
(777)	(3,236)		(42)
(12,478)	(109,505)		-
-	(19,122)		-
740	2,728		-
<b>146,399</b>	<b>205,549</b>		<b>(42)</b>
(92,413)	113,956		(22,936)
11,111	202,611		-
26,399	26,399		-
(340)	(941)		(42)
(55,243)	342,025		(22,978)
<b>1,332,753</b>			<b>67,778</b>
<b>\$ 1,277,510</b>		<b>\$</b>	<b>44,800</b>
	(7,835)		
	<b>\$ 334,190</b>		

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 443,367	\$ 80,599	\$ 164,413
Receipts from participants	-	-	-
Payments to suppliers	(49,090)	(4,281)	(94,609)
Internal activity - (payments to) receipts from other funds	(41,774)	(3,103)	(35,651)
Receipts from trust	-	-	-
Receipts from recovery of losses	-	-	-
Payments to employees	(89,266)	(5,564)	(42,701)
Payments to airlines for non-airline terminal revenue distribution	-	-	(10,125)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	9,400	(4,543)	9,554
<b>Net cash provided (used) by operating activities</b>	<b>272,637</b>	<b>63,108</b>	<b>(9,119)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>			
Noncapital contributions	-	-	122,649
Sales tax	-	-	-
Transfers	(345)	(54)	(202)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(345)</b>	<b>(54)</b>	<b>122,447</b>
<b>Cash Flows From Capital And Related Financing Activities:</b>			
Proceeds from capital debt	512,439	124,191	656,953
Passenger facility charges	-	-	43,321
Contract facility charges	-	-	6,696
Acquisition and construction of capital assets	(388,891)	(95,537)	(251,201)
Principal paid on capital debt	(481,969)	(121,864)	(485,586)
Interest and other charges paid on capital debt	(62,930)	(8,362)	(49,047)
Capital contributions	2,552	-	33,695
<b>Net cash (used) by capital and related financing activities</b>	<b>(418,799)</b>	<b>(101,572)</b>	<b>(45,169)</b>
<b>Cash Flows From Investing Activities:</b>			
Purchase of investments	(578)	(293)	(168,260)
Proceeds from sale and maturities of investments	608	293	92,085
Interest received	144	264	2,187
<b>Net cash provided (used) by investing activities</b>	<b>174</b>	<b>264</b>	<b>(73,988)</b>
Net (decrease) in cash, cash equivalents and investments	(146,333)	(38,254)	(5,829)
<b>Cash, cash equivalents and investments - beginning of year</b>	<b>392,383</b>	<b>149,957</b>	<b>941,942</b>
<b>Cash, cash equivalents and investments - end of year</b>	<b>\$ 246,050</b>	<b>\$ 111,703</b>	<b>\$ 936,113</b>

The notes to the financial statements are an integral part of this statement.

<b>Enterprise Funds</b>		<b>Governmental Activities -</b>
<b>Public Transit</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 12,411	\$ 700,790	\$ -
-	-	46,649
(66,948)	(214,928)	(18,081)
(17,147)	(97,675)	86,302
-	-	20,415
-	-	-
(74,860)	(212,391)	(1,488)
-	(10,125)	-
-	-	(108,122)
-	-	(38,192)
954	15,365	28
<b>(145,590)</b>	<b>181,036</b>	<b>(12,489)</b>
26,953	149,602	-
109,960	109,960	-
26,059	25,458	(42)
<b>162,972</b>	<b>285,020</b>	<b>(42)</b>
-	1,293,583	-
-	43,321	-
-	6,696	-
(56,282)	(791,911)	-
(91,346)	(1,180,765)	-
(13,606)	(133,945)	-
62,921	99,168	-
<b>(98,313)</b>	<b>(663,853)</b>	<b>-</b>
-	(169,131)	-
-	92,986	-
370	2,965	704
<b>370</b>	<b>(73,180)</b>	<b>704</b>
(80,561)	(270,977)	(11,827)
<b>249,300</b>	<b>1,733,582</b>	<b>140,496</b>
<b>\$ 168,739</b>	<b>\$ 1,462,605</b>	<b>\$ 128,669</b>

Continued on next page

**FINANCIAL SECTION**

*Basic Financial Statements*

**CITY OF CHARLOTTE, NORTH CAROLINA  
STATEMENT OF CASH FLOWS-(Continued)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts In Thousands)**

	<b>Business-type Activities -</b>		
	<b>Water and Sewer</b>	<b>Storm Water</b>	<b>Airport</b>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:</b>			
Operating income (loss)	\$ 162,302	\$ 52,327	\$ (67,410)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	144,204	15,101	83,930
Other receipts	9,400	(4,543)	9,554
Non-airline terminal revenue distribution	-	-	(10,125)
Change in assets and liabilities:			
(Increase) decrease in receivables	(15,401)	(1,444)	(6,971)
(Increase) decrease in due from other governmental agencies	(47)	7	(9,653)
(Increase) in due from other funds	(307)	-	(82)
(Increase) decrease in inventories	221	-	-
(Increase) in prepaid items	-	-	(495)
(Increase) in deferred outflows of resources for pensions	(3,463)	(929)	(2,821)
(Increase) in net OPEB asset	(30,412)	-	(11,932)
Decrease in deferred outflows of resources for OPEB	3,881	254	942
Increase (decrease) in accounts payable	166	586	(2,289)
Increase in claims payable	-	-	-
(Decrease) in due to participants	-	-	-
Increase in deposits and retainage payable	99	180	154
(Decrease) in due to component unit	-	-	(65)
Increase in net pension liability	7,549	1,910	6,010
(Decrease) in deferred inflows of resources for pensions	(2)	-	(1)
Increase in deferred inflows of resources for OPEB	10,261	2,087	5,452
Increase (decrease) in compensated absences payable	349	316	(13)
(Decrease) in net OPEB liability	(16,163)	(2,744)	(3,304)
<b>Total adjustments</b>	<b>110,335</b>	<b>10,781</b>	<b>58,291</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 272,637</b>	<b>\$ 63,108</b>	<b>\$ (9,119)</b>
<b>Noncash Investing, Capital And Financing Activities:</b>			
Donated assets	\$ 159,265	\$ -	\$ -
Proceeds from refunding bonds	297,055	-	221,200
Payment to refunded bond escrow agent	(297,055)	-	(221,200)
<b>Net noncash investing, capital and financing activities</b>	<b>\$ 159,265</b>	<b>\$ -</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

<b>Enterprise Funds</b>		<b>Governmental Activities -</b>	
<b>Public Transit</b>	<b>Total</b>	<b>Internal Service Funds</b>	
\$ (238,812)	\$ (91,593)	\$	(22,894)
89,683	332,918		3
954	15,365		-
-	(10,125)		-
757	(23,059)		(78)
45	(9,648)		3,989
-	(389)		(124)
(690)	(469)		-
-	(495)		(625)
(1,535)	(8,748)		(73)
(414)	(42,758)		-
891	5,968		72
2,746	1,209		252
-	-		8,527
-	-		(1,598)
235	668		-
-	(65)		-
3,487	18,956		171
(1)	(4)		-
3,844	21,644		468
350	1,002		39
(7,130)	(29,341)		(618)
<b>93,222</b>	<b>272,629</b>		<b>10,405</b>
<b>\$ (145,590)</b>	<b>\$ 181,036</b>	<b>\$</b>	<b>(12,489)</b>
\$ -	\$ 159,265	\$	-
-	518,255		-
-	(518,255)		-
<b>\$ -</b>	<b>\$ 159,265</b>	<b>\$</b>	<b>-</b>

**FINANCIAL SECTION***Basic Financial Statements*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2021**  
**(Dollar Amounts in Thousands)**

<b>Assets:</b>	
Cash and cash equivalents	\$ 6,903
Receivables:	
Employer contributions	438
Member contributions	346
Interest and dividends	496
<b>Total receivables</b>	<b>1,280</b>
Prepaid items	17
Investments:	
Equity securities - stocks	87,509
Fixed income securities - bonds	124,036
Mutual funds	618,864
<b>Total investments</b>	<b>830,409</b>
Capital assets	670
Less accumulated depreciation	468
<b>Total capital assets, net</b>	<b>202</b>
<b>Total assets</b>	<b>838,811</b>
<b>Liabilities:</b>	
Accounts payable	733
<b>Net Position:</b>	
Restricted for:	
Pensions	676,330
OPEB	161,748
<b>Total net position</b>	<b>\$ 838,078</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

<b>Additions:</b>	
Contributions-	
Member	\$ 11,910
Employer	57,071
<b>Total contributions</b>	<u>68,981</u>
Investment income-	
Net appreciation in fair value of investments	159,236
Interest	2,681
Dividends	2,746
<b>Total investment income</b>	<u>164,663</u>
Investment expense	3,306
<b>Net investment income</b>	<u>161,357</u>
<b>Total additions</b>	<u>230,338</u>
<b>Deductions:</b>	
Benefits	40,992
Refunds	531
Insurance premiums	7,704
Administration	2,056
Depreciation	66
<b>Total deductions</b>	<u>51,349</u>
Change in net position	178,989
<b>Net position - beginning</b>	<u>659,089</u>
<b>Net position - ending</b>	<u>\$ 838,078</u>

The notes to the financial statements are an integral part of this statement.



THIS PAGE INTENTIONALLY LEFT BLANK



# Notes to Financial Statements

Annual Comprehensive Financial Report 2021



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. Reporting Entity . . . . . 43
- b. Basis of Presentation . . . . . 43
- c. Measurement Focus and Basis of Accounting . . . . . 44
- d. Assets, Deferred Outflows and Inflows, Liabilities and Net Position/Fund Balances
  - (1) Cash and Investments . . . . . 45
  - (2) Receivables and Payables . . . . . 46
  - (3) Inventory and Prepaid Items . . . . . 46
  - (4) Capital Assets . . . . . 46
  - (5) Deferred Outflows and Inflows of Resources . . . . . 46
  - (6) Noncurrent Liabilities . . . . . 46
  - (7) Compensated Absences . . . . . 47
  - (8) Net Position/Fund Balances . . . . . 47
  - (9) Pensions . . . . . 48

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- a. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position . . . . . 49
- b. Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities. . . . . 49

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY . . . . . 51**

**4. DETAILED DISCLOSURES ON ALL FUNDS**

- a. Deposits . . . . . 51
- b. Investments . . . . . 52
- c. Receivables . . . . . 55
- d. Property Taxes . . . . . 55
- e. Restricted Assets . . . . . 56
- f. Capital Assets . . . . . 56
- g. Interfund Receivables, Payables and Transfers . . . . . 59
- h. Payables . . . . . 60
- i. Deferred Outflows and Inflows of Resources and Unavailable Revenues . . . . . 60
- j. Long-term Liabilities . . . . . 62
  - (1) General Obligation Bonds . . . . . 64
  - (2) Revenue Bonds . . . . . 65
  - (3) Installment Purchases . . . . . 67
  - (4) General Obligation Bond Anticipation Note . . . . . 69
  - (5) Revenue Bond Anticipation Note . . . . . 69
  - (6) Other Long-term Liabilities
    - (a) Section 108 Loan Guarantee . . . . . 70
    - (b) Transportation Infrastructure Finance and Innovation Act Loan . . . . . 70
    - (c) Federal Revolving Loan . . . . . 71
    - (d) State Revolving Loan . . . . . 71
  - (7) Derivative Instruments . . . . . 72

**4. DETAILED DISCLOSURES ON ALL FUNDS - (Continued)**

(8) Refundings .....	74
(9) Other Debt Information .....	74
(10) Subsequent Events .....	75
(11) Early Extinguishment .....	75
k. Fund Balance .....	75

**5. PENSION PLANS AND OTHER BENEFITS**

a. Local Governmental Employees' Retirement System .....	76
b. Charlotte Firefighters' Retirement System .....	80
c. Law Enforcement Officers' Special Separation Allowance .....	84
d. Supplemental Retirement Income Plan for Law Enforcement Officers .....	87
e. Death Benefit Plan .....	88
f. Other Postemployment Benefits .....	88
g. Deferred Compensation Plan .....	92

**6. OTHER INFORMATION**

a. Airport Leasing Arrangements with Tenants .....	92
b. Passenger Facility Charges .....	93
c. Insurance	
(1) Employee Health and Life .....	93
(2) Risk Management .....	94
d. Commitments and Contingencies .....	94
e. Arena .....	96
f. NASCAR Hall of Fame .....	97
g. Cultural Arts Facilities .....	97
h. Bank of America Stadium .....	97
i. American Airlines .....	97

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Charlotte and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**a. Reporting Entity**

The City of Charlotte (City) is a municipal corporation that is governed by an elected mayor and eleven member council. As required by generally accepted accounting principles, these financial statements present the City and its two component units, entities for which the City is financially accountable. The Charlotte Firefighters’ Retirement System (System) is so intertwined with the City that it is, in substance, the same as the City. Accordingly, the System is blended and reported as a Fiduciary Fund as if it was part of the City. The Charlotte Regional Visitors Authority (Authority) is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The following table describes the City’s component units:

Component Unit	Criteria for Inclusion	Reporting Method	Separate Financial Statements
Charlotte Firefighters’ Retirement System	The System provides retirement, disability and death benefits to civil service employees of the Charlotte Fire Department. These services are exclusively for the City.	Fiduciary Fund	Charlotte Firefighters’ Retirement System 428 East Fourth Street, Suite 205 Charlotte, North Carolina 28202
Charlotte Regional Visitors Authority	A “special district” as defined by state statutes. The City Council appoints the governing board and the City pays outstanding general obligation bonded debt. Net operating proceeds are to be used to pay principal and interest on the bonded debt or as otherwise directed by City Council.	Discrete	Charlotte Regional Visitors Authority 501 South College Street Charlotte, North Carolina 28202

INLIVIAN (formerly The Charlotte Housing Authority), which is excluded from the City’s financial statements, is considered a related organization. The City Council appoints the governing board; however, the City is not financially accountable for INLIVIAN.

**b. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the City as well as the City and its discretely presented component unit. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for a given function or activity. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (a) charges paid by recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are reported as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are certain charges between the City’s enterprise functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds, including the fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

*General Fund:* This is the City's primary operating fund. The General Fund accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

*Debt Service:* This fund accounts for the resources accumulated and payments made for principal and interest on debt of governmental activities.

*Capital Projects:* This fund accounts for financial resources, primarily proceeds from bonds, other financing agreements and taxes, used for the acquisition, construction and improvement of capital equipment and facilities.

*General COVID Relief:* The General COVID Relief fund accounts for funds received under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Federal Emergency Management Agency (FEMA) Public Assistance Program to be used for expenditures to address the COVID-19 pandemic.

The City reports the following major enterprise funds:

*Water and Sewer:* This fund accounts for the activities of Charlotte Water, provider of water and sewer services.

*Storm Water:* This fund accounts for the activities of Storm Water Services, administrator of storm water programs and policies.

*Airport:* This fund accounts for the activities of the Charlotte Douglas International Airport.

*Public Transit:* This fund accounts for the activities of the Charlotte Area Transit System, provider of public mass transportation.

The City reports the following fund types:

*Internal Service:* These funds account for (a) the general insurance program of the City, as well as risk management services provided, on a cost-reimbursement basis, to other governmental units and agencies in Mecklenburg County, and (b) funds contributed by the City and its employees for health and life benefits.

*Fiduciary:* These funds account for (a) resources accumulated for the provision of benefit payments to the Charlotte Firefighters' Retirement System members and their beneficiaries, and (b) resources accumulated for the provision of other postemployment benefit payments for retirees and their beneficiaries.

### **c. Measurement Focus and Basis of Accounting**

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements:* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal

and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, 2021, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City because the tax is levied by Mecklenburg County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

#### **d. Assets, Deferred Outflows and Inflows, Liabilities and Net Position/Fund Balances**

##### **(1) Cash and Investments**

The City maintains a cash management pool to facilitate disbursement and investment and maximize investment income. Earnings on the pooled funds are apportioned and credited to the funds monthly based on the average daily balance of each fund. Since individual funds may deposit additional amounts at any time and may withdraw funds at any time without prior notice or penalty, the pool is used essentially as a demand deposit account and considered cash and cash equivalents. The pool is used by all funds except the Firefighters' Retirement System Fund. For arbitrage purposes, the City also maintains separate pools for the proceeds of each bond sale subsequent to 1986 in compliance with the Internal Revenue Code relative to yield restrictions and rebate requirements.

For funds not included in the pools described above, cash and cash equivalents consist of cash, demand deposits and short-term, highly liquid investments. Short-term refers to investments with an original maturity of three months or less at date of acquisition. Highly liquid investments are those that are both readily convertible to known amounts of cash and so near their maturity that the risk of changes in value because of changes in interest rates is insignificant.

The restricted cash and cash equivalents/investments are restricted pursuant to bond covenants and other financing agreements. All restricted money market funds of the enterprise funds are considered cash and cash equivalents. The remaining amount of restricted assets is considered investments.

The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Investments of the Charlotte Firefighters' Retirement System are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

**Component Unit:** The Authority considers investments with an original maturity of three months or less to be cash equivalents.

**(2) Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Property tax and accounts receivables are shown net of an allowance for uncollectibles. Notes receivable in governmental funds consist of housing rehabilitation and economic development loans that are generally not expected or scheduled to be collected in the subsequent year.

**(3) Inventory and Prepaid Items**

Inventories are valued at cost (first-in, first-out), which approximates market. Governmental inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

Business-type inventories consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

**(4) Capital Assets**

Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets include annexed streets that were acquired or received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Capital assets are assets with an initial, individual cost of \$5 or more, except intangible assets which have a minimum cost of \$100. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 – 50 years
Infrastructure	40 years
Improvements other than buildings	5 – 125 years
Intangible	5 – 20 years
Machinery and equipment	3 – 40 years

**(5) Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The Deferred Outflows of Resources financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has several items that meet this criterion, pension and OPEB deferrals, contributions made to the pension plan in the current fiscal year, the accumulated decrease in the fair value of hedging derivatives, the loss on refundings and the unamortized bond refunding charges. The Component Unit also has pension and OPEB deferrals and contributions made to the pension plan in the current fiscal year that meet this criterion.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The Deferred Inflows of Resources financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has prepaid taxes, deferrals of pension and OPEB deferrals, and gain on refundings. In the governmental funds, the City also has unavailable revenues that are reported as deferred inflows. The Component Unit has deferrals of pension and OPEB deferrals.

**(6) Noncurrent Liabilities**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using

the straight-line method. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are expensed in the reporting period in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

The City enters into interest rate swap agreements to modify interest rates on outstanding debt. The swaps are reported at fair value in the government-wide and proprietary fund financial statements using hedge accounting.

**(7) Compensated Absences**

Employees earn vacation leave at the rate of 10 to 20 days per year and can accrue a maximum of 20 to 40 days, depending on the length of service. Effective January 1, 2016, vacation in excess of the maximum accumulation is transferred into the employee’s sick leave balance. Unused vacation days are payable upon termination, resignation, retirement or death.

Employees accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days. Sick leave can be taken for personal illness or illness of a member of the immediate family. Sick leave is lost upon termination or resignation, unless the employees effective date of retirement is within 365 days of the termination or resignation. However, employees may be paid twenty percent of outstanding sick leave, with a maximum of 43.5 days, upon retirement. Twenty percent of outstanding sick leave, up to a maximum of 43.5 days is payable upon the death of an employee.

Compensated absences payable includes accumulated unpaid vacation leave and sick leave. This liability is recorded in the government-wide and proprietary fund financial statements.

**(8) Net Position/Fund Balances**

*Net Position:* Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are externally imposed by creditors, grantors, contributors, bond covenants, regulations of other governments or by State statute.

Net position in governmental activities is restricted for other purposes as follows:

Public safety	\$ 13,734
Culture and recreation	149,629
Community planning and development	34,494
Streets and highways	4,839
Total	<u>\$ 202,696</u>

*Fund Balances:* In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

*Nonspendable fund balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Inventories* - \$71 of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

*Perpetual care* - \$3,149 of fund balance that is required to be retained in perpetuity for maintenance of cemeteries.

*Prepaid items* - \$95 of fund balance that is not an available resource because it represents the amount of prepaid expenses.

*Restricted fund balance* – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

*Restricted for State statute* - \$87,102 of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting

or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted Fund balance on the face of the balance sheet.

*Restricted for other purposes* - \$202,696:

*Public safety* - \$13,734 of fund balance that is restricted by revenue source for public safety and 911 system expenditures.

*Cultural and recreation* - \$149,629 of fund balance that is restricted by revenue source for convention center and tourism expenditures.

*Community planning and development* - \$34,494 of fund balance that is restricted by revenue source for neighborhood expenditures.

*Streets and highways* - \$4,839 of Powell Bill and other fund balance that is restricted by revenue source for street construction and maintenance expenditures. For the Special Revenue funds, this amount represents the balance of the total unexpended Powell Bill and other grant funds.

*Committed fund balance* – This classification includes amounts that can only be used for specific purposes imposed by ordinance approved by the City Council, the highest level of decision-making authority. Any changes or removal of specific purposes requires action by the City Council.

*Committed for capital projects* - \$219,069 of fund balance committed by the City Council for capital projects.

*Committed for other purposes* - \$99,495:

*Component unit* - \$1,261 of fund balance committed by the City Council in the General fund for the Charlotte Regional Visitors Authority.

*Debt service* - \$98,234 of fund balance committed by the City Council for advance planning for bond referenda and loans to other funds for the purchase of capital equipment.

*Assigned fund balance* – This classification includes amounts that the City intends to use for specific purposes.

*Assigned for Debt service* - \$66,674 of fund balance in the Debt Service fund that is not nonspendable, restricted, nor committed that will be used for future payment of debt service requirements. By approval of the budget of the Debt Service fund, the City Council has assigned this amount to the purpose of the Debt Service fund.

*Unassigned fund balance* – This classification includes \$120,115 in the General fund that has not been restricted, committed, or assigned to specific purposes or other funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to have been spent first. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed, assigned, and unassigned fund balance.

The City's Capital Investment Plan Financial Policies, which are approved annually by the City Council, include a policy to maintain the General fund balance at sixteen percent of the operating budget. Any portion of the General fund balance in excess of sixteen percent of budgeted expenditures is dedicated to capital expenses, unless otherwise directed by City Council.

## (9) Pensions

The City participates in a cost-sharing, multiple-employer, defined benefit pension plan administered by the State, the Local Governmental Employees' Retirement System (LGERS); a single-employer Law Enforcement Officers' Special Separation Allowance (LEOSSA); and a postemployment benefit plan, the Employee Benefit Trust Plan (EBTP).

For purposes of measuring the net pension asset or liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans and additions to/deductions from the defined benefit pension plans' fiduciary net position have been determined on the same basis as they are reported by the state-administered defined benefit pension plan and the LEOSSA. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans.

For purposes of measuring the net OPEB asset or liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the EBTP and additions to/deductions from the EBTP fiduciary net position have been determined on the same basis as they are reported by the EBTP. For this purpose, the EBTP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**a. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.”

Bonds and installment purchases payable	\$ 1,173,486
Net of premiums and discounts	118,506
General obligation bond anticipation notes	136,595
Derivative instrument liability	39,167
Swaption borrowing payable	4,714
Compensated absences	72,055
Section 108 loan guarantee	2,780
Accrued interest payable	9,940
Net adjustment to reduce fund balance of total governmental funds to arrive at net position-governmental activities	\$ 1,557,243

**b. Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.”

Capital outlay	\$ 221,392
Depreciation expense	(133,562)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$ 87,830

Another element of that reconciliation states “The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.” In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Donation of capital assets	\$ 73,427
Sales of capital assets	<u>(2,520)</u>
Net adjustments to decrease change in net position differs from the change in fund balance by the cost of capital assets sold	<u>\$ 70,907</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds and installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.”

Debt issued or incurred:	
Issuance of general obligation bond anticipation notes	\$ (70,027)
Swaption borrowing	492
Principal repayments:	
General obligation debt	53,889
Installment purchases	85,180
Gain on early defeasance of debt	<u>4,189</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 73,723</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.”

Accrued interest	\$ 545
Amortization on deferred loss on refundings	(608)
Amortization on deferred gain on refundings	3,792
Amortization on deferred amount on refundings	(32)
Amortization of debt premiums	8,523
Compensated absences	(2,205)
Pension expense	(172,563)
OPEB expense	<u>44,790</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (117,758)</u>

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

As required by State statutes, prior to July 1 each year City Council adopts an annual appropriation ordinance for all funds except those which expenditures are authorized by project ordinance and the Internal Service and Fiduciary Funds. City funds budgeted by project ordinance include the Capital Projects Funds, Public Safety and Other Grants, Republican National Convention, General COVID Relief, Neighborhood Development, Employment and Training, Emergency Telephone System, Special Revenue Funds and the Enterprise Funds capital projects.

The annual budgets are adopted at the fund level which is the legal level of budgetary control. Supplemental appropriations at this level require approval of City Council. During the year, several amendments to the budget were necessary. Administrative control is maintained through the establishment of more detailed line-item budgets. The budget is entered into the accounting records and comparisons of actual to budget are made throughout the year. City administration has the authority to amend line-item budgets. The final budgets shown in the statements are as amended at June 30, 2021.

Annual budgets are adopted on the modified accrual basis except that they include encumbrances for the current year. Current year's appropriations are charged for encumbrances when commitments for the expenditures of monies are issued. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

The accompanying Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – General Fund presents comparisons of the original and final budget with actual data. Since the legally adopted budget is on a basis which differs from GAAP, the actual data is similarly presented on a budgetary basis for comparison purposes. A reconciliation of the non-GAAP basis to the GAAP basis is presented.

#### Deficit in Fund Balance of Individual Fund

For the fiscal year ended June 30, 2021, there was a negative fund balance in the Municipal Services District fund of \$178. This deficit resulted from an excess of expenditures over collected revenues. This deficit will be corrected in fiscal year 2022.

### 4. DETAILED DISCLOSURES ON ALL FUNDS

#### a. Deposits

As of June 30, 2021, the bank balances and carrying amounts of bank deposits were as follows:

	Bank Balance	Carrying Amount
City - Governmental and Business-type Activities	\$ 101,535	\$ 29,667
City - Fiduciary Funds	22	6,903
Component unit - Authority	15,592	14,846

All deposits of the City are made in board-designated official depositories and are secured as required by State statutes. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The City and the Authority have petty cash of \$278 and \$285, respectively.

According to the City's policy regarding custodial credit risk for deposits, all of the City's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability

(Dollar Amounts in Thousands)

to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. Of the City's bank balances, \$1,000 was covered at the federal depository insurance coverage level and \$101,535 was covered by collateral held under the Pooling Method.

**Component Unit:** The Authority must comply with the requirements of the State statutes as previously described for the City. Of the bank balances, \$250 was covered by federal depository insurance coverage. The remaining balances were covered by collateral held under the Pooling Method.

**b. Investments**

State statute 159-30 authorizes the City and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements. The investments of the Charlotte Firefighters' Retirement System (System) Pension Trust fund are governed by the North Carolina Act (Act) establishing the System. This Act authorizes additional investment types which include corporate bonds, common stock, guaranteed investment contracts and mutual funds. The investments of the Employee Benefit Trust Plan (EBTP) are governed by State statute 147-69.2(b)(1)-(6)&(8). This legislation authorizes additional investment types which include corporate bonds, common stock, and mutual funds.

**City – Governmental and Business-type Activities** – The investments and maturities at June 30, 2021 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Treasuries	\$ 394,245	\$ 313,994	\$ 80,251	\$ -
U.S. Agencies	1,577,057	911,782	537,074	128,201
Commercial paper	69,986	69,986	-	-
Mutual funds	46,211	N/A	N/A	N/A
NCCMT Government Portfolio	385,444	N/A	N/A	N/A
<b>Total</b>	<b>\$ 2,472,943</b>	<b>\$ 1,295,762</b>	<b>\$ 617,325</b>	<b>\$ 128,201</b>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2021:

Investments by fair value level	June 30, 2021	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)
Debt securities			
U.S. Treasuries	\$ 394,245	\$ -	\$ 394,245
U.S. Agencies	1,577,057	-	1,577,057
Commercial paper	69,986	69,986	-
Mutual funds	46,211	46,211	-
NCCMT Government Portfolio	385,444	385,444	-
<b>Total investments by fair value level</b>	<b>\$ 2,472,943</b>	<b>\$ 501,641</b>	<b>\$ 1,971,302</b>

Investments classified in Level 1 of the fair value hierarchy, valued at \$501,641, are valued using quoted prices in active markets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy structures the investment portfolio so security maturities match cash flow requirements for ongoing operations, avoiding the need to sell securities on the open market prior to maturity. Also, the City's investment policy requires the investment of operating funds primarily in shorter-term securities (0-5 years), money market mutual funds, or similar investment pools.

*Credit Risk:* The City's investment policy seeks to minimize credit risk by pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, and intermediaries with which the City will do business and diversifying the investment portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2021, the City's investments in commercial paper carried at least S&P A1, Moody's P1 or Fitch F1 ratings. The City's investments in the NCCMT Government Portfolio carried a credit rating of AA+ by S&P as of June 30, 2021. The City's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AA+ by S&P and Aaa by Moody's.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2021, the City had no investments subject to custodial credit risk. The City's investment policy limits custodial credit risk by providing that purchased securities be delivered to a third-party safekeeping bank designated by the City.

*Concentration of Credit Risk:* The City's investment policy limits the amount of commercial paper or bankers' acceptances to a maximum of 25 percent of the portfolio. For commercial paper, a maximum of \$20 million may be invested in any one issuer. For bankers' acceptances, the maximum investment is limited to 10 percent of the portfolio for any one issuer.

**City – Fiduciary Fund: Charlotte Firefighters' Retirement System** – The investments and maturities at June 30, 2021 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 13,713	\$ -	\$ 2,325	\$ 7,448	\$ 3,940
U.S. Agencies	28,011	-	-	485	27,526
Corporate bonds	55,480	410	15,545	16,428	23,097
Common stocks	87,509	N/A	N/A	N/A	N/A
Mutual funds	484,454	N/A	N/A	N/A	N/A
Total	<u>\$ 669,167</u>	<u>\$ 410</u>	<u>\$ 17,870</u>	<u>\$ 24,361</u>	<u>\$ 54,563</u>

*Interest Rate Risk:* The System does not have a formal investment policy that limits investment maturities.

(Dollar Amounts in Thousands)

**Credit Risk:** The System is authorized to invest in bonds with a quality rating of no less than investment grade and unrated U.S. Treasuries and Agencies. The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2021 were as follows:

Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$ 4,355	4.48%
Ba1 > Aa2	51,125	52.60%
Total credit risk debt securities	55,480	57.08%
U.S. Government fixed income securities:		
Government National Mortgage Association	3,580	3.68%
U.S. Treasury	13,713	14.11%
Not rated	24,431	25.13%
Total fixed income securities	\$ 97,204	100.00%

**Concentration of Credit Risk:** The System limits the amount of equity holdings in any one company to eight percent of the fair value of the portfolio; the amount of equity holdings in any one sector to 30 percent of the fair value of the portfolio; and the amount of fixed-income securities in any one corporation to five percent of the fair value of the portfolio without the consent of the board. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

Investment by fair value level	June 30, 2021	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)	Fair Value Measurements Using Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 13,713	\$ 13,713	\$ -	\$ -
U.S. Agencies	28,011	-	28,011	-
Corporate bonds	45,277	-	45,277	-
Common stocks	87,509	87,509	-	-
Mutual funds	28,444	-	28,444	-
Total investments by fair value level	202,954	\$ 101,222	\$ 101,732	\$ -

Category	Investments Measured as NAV	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
U.S. equity	160,424	-	Daily	N/A
International equity	188,228	-	Daily	N/A
U.S. bonds	41,748	-	Daily	N/A
International bonds	26,832	-	1st of Month	N/A
Fixed income	21,824	-	Openings	N/A
			Quarterly	45 Days
			Quarterly	
			1st day	
International fixed income	27,157	-	of Quarter	N/A
	466,213	\$ -		
Total investments	\$ 669,167			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

**City – Fiduciary Fund: Employee Benefit Trust Plan (EBTP)** – At June 30, 2021, the EBTP had investments of \$161,242 in mutual funds. The mutual fund investments classified at Level 1 of the fair value hierarchy are valued using quoted prices in active markets.

**Interest Rate Risk:** The EBTP does not have a formal investment policy that limits investment maturities.

**Credit Risk:** The EBTP adheres to State statutes which limit credit risk by limiting investments in below investment grade securities and restricting the purchase of non-exchange traded investments.

**Concentration of Credit Risk:** The EBTP diversifies investments according to a strategic asset allocation across a range of company capitalizations in domestic and international equities as well as domestic and global bonds. The EBTP limits the amount of equity holdings in any one company to eight percent of the fair value of the portfolio; the amount of equity holdings in any one sector to 30 percent of the fair value of the portfolio; and the amount of fixed-income securities in any one corporation to five percent of the fair value of the portfolio. There is no limit on securities backed by the full faith and credit of the U.S. Government for any of its instrumentalities.

**Component Unit**—At June 30, 2021, the Authority had investments of \$5,498 in the NCCMT’s Government Portfolio, which carried a credit rating of AAAm by S&P.

**c. Receivables**

The receivable amounts presented in the accompanying financial statements are net of the following allowances for doubtful accounts:

<u>Governmental</u>		
General		\$ 7,381
Debt Service		333
Capital Projects		995
Non Major		17
Total Governmental		<u>8,726</u>
<u>Proprietary</u>		
Water and Sewer		8,560
Storm Water		1,525
Airport		585
Public Transit		334
Total Proprietary		<u>11,004</u>
Total		<u>\$ 19,730</u>

In February 2002, City Council approved an interest-free loan to the Authority for \$5,000 for the renovation of Ovens Auditorium. In May 2007, Council approved a new repayment schedule for the loan agreement. The term of the loan was extended by thirty years and established a \$160 per year repayment through fiscal year 2037. At June 30, 2021, the balance of the loan outstanding was \$2,451. The ability to generate revenues during fiscal year 2021 were significantly impacted by the global pandemic and the CRVA was not able to fulfill the \$160 per year loan payment. During fiscal year 2021, \$27 was paid towards the annual \$160 loan.

**d. Property Taxes**

Pursuant to State statutes, property taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until January 6. The taxes levied effective July 1, 2020 were based on the assessed values listed as of January 1, 2020, which is the lien date.

The City and Mecklenburg County have a common tax base and overlapping bonded debt. Mecklenburg County is the City’s agent for listing and collecting property taxes levied. The distribution of the City’s levy for 2021 (tax rate per \$100 valuation) to its funds is shown below:

General		\$ 0.2731
Debt Service		0.0677
Capital Projects		0.0073
Total		<u>\$ 0.3481</u>

In addition, special taxes are levied on areas referred to as Municipal Services Districts. The purpose of these taxes is to aid the revitalization of these areas. The tax rates for 2021 for Districts 1, 2, 3, 4 and 5 were \$.0136, \$.0227, \$.0338, \$.0390 and \$.0279, respectively.

**e. Restricted Assets**

Cash, cash equivalents and investments are restricted in the accompanying statements as follows by fund:

<u>Governmental</u>		
Debt Service	\$	115
Capital Projects		23,511
General COVID Relief		7,535
Other governmental funds		70,810
Total Governmental		<u>101,971</u>
<u>Enterprise</u>		
Water and Sewer		210
Storm Water		3
Airport		452,150
Public Transit		2,133
Total Enterprise		<u>454,496</u>
Total	\$	<u>556,467</u>

These fund assets are restricted pursuant to bond orders and other financing agreements.

**f. Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2021 were as follows:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 3,529,439	\$ 82,696	\$ -	\$ 3,612,135
Construction in progress	446,731	294,128	260,381	480,478
Total capital assets not being depreciated	<u>3,976,170</u>	<u>376,824</u>	<u>260,381</u>	<u>4,092,613</u>
Capital assets being depreciated:				
Buildings	1,350,431	75,062	-	1,425,493
Infrastructure	2,897,923	66,910	-	2,964,833
Intangibles	42,699	448	-	43,147
Machinery and equipment	263,253	33,560	15,873	280,940
Total capital assets being depreciated	<u>4,554,306</u>	<u>175,980</u>	<u>15,873</u>	<u>4,714,413</u>
Less accumulated depreciation for:				
Buildings	493,105	34,106	-	527,211
Infrastructure	1,283,603	71,882	-	1,355,485
Intangibles	30,238	4,332	-	34,570
Machinery and equipment	192,717	23,245	15,749	200,213
Total accumulated depreciation	<u>1,999,663</u>	<u>133,565</u>	<u>15,749</u>	<u>2,117,479</u>
Total capital assets being depreciated, net	<u>2,554,643</u>	<u>42,415</u>	<u>124</u>	<u>2,596,934</u>
Governmental activity capital assets, net	<u>\$ 6,530,813</u>	<u>\$ 419,239</u>	<u>\$ 260,505</u>	<u>\$ 6,689,547</u>

Depreciation expense was charged to activities as follows:

<u>Governmental Activities:</u>		
Public safety	\$	18,531
Sanitation		5,182
General administration		4,544
Support services		1,786
Engineering and property management		8,424
Streets and highways		68,674
Community planning and development		7,396
Culture and recreation		19,025
Capital assets held by the City's internal service funds are charged to various functions based on the usage of assets		3
Total depreciation expense - Governmental Activities	\$	<u>133,565</u>

Capital asset activity for business-type activities for the year ended June 30, 2021 were as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
<b><u>Business-type activities</u></b>				
<i>Water and Sewer</i>				
Capital assets not being depreciated:				
Land	\$ 54,100	\$ 2,324	\$ -	\$ 56,424
Construction in progress	321,725	405,217	309,077	417,865
Total capital assets not being depreciated	<u>375,825</u>	<u>407,541</u>	<u>309,077</u>	<u>474,289</u>
Capital assets being depreciated:				
Buildings	45,539	3,265	-	48,804
Water and sewer systems	5,312,632	437,776	-	5,750,408
Intangibles	25,373	901	-	26,274
Machinery and equipment	59,469	15,318	1,969	72,818
Total capital assets being depreciated	<u>5,443,013</u>	<u>457,260</u>	<u>1,969</u>	<u>5,898,304</u>
Less accumulated depreciation for:				
Buildings	12,918	1,156	-	14,074
Water and sewer systems	1,917,232	134,697	-	2,051,929
Intangibles	20,155	1,555	-	21,710
Machinery and equipment	39,129	6,796	1,837	44,088
Total accumulated depreciation	<u>1,989,434</u>	<u>144,204</u>	<u>1,837</u>	<u>2,131,801</u>
Total capital assets being depreciated net	<u>3,453,579</u>	<u>313,056</u>	<u>132</u>	<u>3,766,503</u>
Water and Sewer capital assets, net	<u>3,829,404</u>	<u>720,597</u>	<u>309,209</u>	<u>4,240,792</u>
 <i>Storm Water</i>				
Capital assets not being depreciated:				
Land	768	-	-	768
Construction in progress	103,569	101,298	178,641	26,226
Total capital assets not being depreciated	<u>104,337</u>	<u>101,298</u>	<u>178,641</u>	<u>26,994</u>
Capital assets being depreciated:				
Storm water systems	811,445	173,946	-	985,391
Intangibles	3,619	-	-	3,619
Machinery and equipment	382	-	-	382
Total capital assets being depreciated	<u>815,446</u>	<u>173,946</u>	<u>-</u>	<u>989,392</u>
Less accumulated depreciation for:				
Storm water systems	97,031	14,992	-	112,023
Intangibles	3,542	52	-	3,594
Machinery and equipment	162	57	-	219
Total accumulated depreciation	<u>100,735</u>	<u>15,101</u>	<u>-</u>	<u>115,836</u>
Total capital assets being depreciated net	<u>714,711</u>	<u>158,845</u>	<u>-</u>	<u>873,556</u>
Storm Water capital assets, net	<u>819,048</u>	<u>260,143</u>	<u>178,641</u>	<u>900,550</u>

Continued on next page

	Beginning Balance	Increase	Decrease	Ending Balance
<i>Airport</i>				
Capital assets not being depreciated:				
Land	\$ 392,289	\$ 7,026	\$ -	\$ 399,315
Construction in progress	245,698	243,855	136,617	352,936
Total capital assets not being depreciated	<u>637,987</u>	<u>250,881</u>	<u>136,617</u>	<u>752,251</u>
Capital assets being depreciated:				
Buildings	1,274,588	55,707	-	1,330,295
Runways	480,405	18,815	-	499,220
Other	312,011	39,235	-	351,246
Intangibles	13,160	3,308	-	16,468
Machinery and equipment	152,184	12,139	1,453	162,870
Total capital assets being depreciated	<u>2,232,348</u>	<u>129,204</u>	<u>1,453</u>	<u>2,360,099</u>
Less accumulated depreciation for:				
Buildings	576,174	40,291	-	616,465
Runways	206,609	13,207	-	219,816
Other	76,014	12,624	-	88,638
Intangibles	5,515	2,288	-	7,803
Machinery and equipment	77,950	15,520	1,096	92,374
Total accumulated depreciation	<u>942,262</u>	<u>83,930</u>	<u>1,096</u>	<u>1,025,096</u>
Total capital assets being depreciated net	<u>1,290,086</u>	<u>45,274</u>	<u>357</u>	<u>1,335,003</u>
Airport capital assets, net	<u>1,928,073</u>	<u>296,155</u>	<u>136,974</u>	<u>2,087,254</u>
<i>Public Transit</i>				
Capital assets not being depreciated:				
Land	177,270	153	-	177,423
Construction in progress	37,068	17,575	11,841	42,802
Total capital assets not being depreciated	<u>214,338</u>	<u>17,728</u>	<u>11,841</u>	<u>220,225</u>
Capital assets being depreciated:				
Buildings	410,229	540	-	410,769
Transit corridors	941,567	1,065	-	942,632
Other	48,312	-	27	48,285
Intangibles	24,469	206	-	24,675
Machinery and equipment	383,582	10,357	9,025	384,914
Total capital assets being depreciated	<u>1,808,159</u>	<u>12,168</u>	<u>9,052</u>	<u>1,811,275</u>
Less accumulated depreciation for:				
Buildings	105,007	19,972	-	124,979
Transit corridors	296,715	47,441	-	344,156
Other	34,645	1,644	-	36,289
Intangibles	11,094	1,483	-	12,577
Machinery and equipment	158,057	19,143	8,962	168,238
Total accumulated depreciation	<u>605,518</u>	<u>89,683</u>	<u>8,962</u>	<u>686,239</u>
Total capital assets being depreciated net	<u>1,202,641</u>	<u>(77,515)</u>	<u>90</u>	<u>1,125,036</u>
Public Transit capital assets, net	<u>1,416,979</u>	<u>(59,787)</u>	<u>11,931</u>	<u>1,345,261</u>
Business-type capital assets, net	<u>\$ 7,993,504</u>	<u>\$ 1,217,108</u>	<u>\$ 636,755</u>	<u>\$ 8,573,857</u>

**g. Interfund Receivables, Payables and Transfers**

The following is a summary of interfund receivables, payables and transfers, respectively, at June 30, 2021 by fund:

Due to/from other funds:	Interfund Receivables	Interfund Payables
General	\$ 1,586	\$ 350
Debt Service	10,910	-
Capital Project	-	6,226
General COVID Relief	-	6,078
Nonmajor governmental	373	954
Enterprise - Water and Sewer	307	-
Enterprise - Airport	82	-
Internal Service - Employee Health and Life	350	-
<b>Total</b>	<b>\$ 13,608</b>	<b>\$ 13,608</b>

The balances between General and Internal Service are for reimbursable expenditures and will be paid within 30 days. The balances between General and Nonmajor governmental are to advance funding for expenditures until grant reimbursement is received and will be paid within 30 days. The balances between General, Debt Service, Nonmajor governmental, Water and Sewer, Airport, and General COVID Relief are to advance funding for expenditures until grant reimbursement is received. The balances between Capital Projects and Debt Service are to advance funding for a project until permanent financing is approved.

Due to/from primary government and component unit for reimbursable expenditures:

Primary Government:	Receivable Entity	Payable Entity
Debt Service	\$ 2,153	\$ -
Capital Projects	298	186
Nonmajor governmental	-	898
Enterprise - Airport	-	34
Component Unit - Authority	1,118	2,451
<b>Total</b>	<b>\$ 3,569</b>	<b>\$ 3,569</b>

Interfund transfers:

Transfer out:	Transfers In:					Total
	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise- Public Transit	
General	\$ -	\$ 19,065	\$ 15,199	\$ 1,933	\$ -	\$ 36,197
Debt Service	123	-	63,199	321	-	63,643
Capital Projects	-	49,663	-	7,527	26,399	83,589
Nonmajor governmental	4,427	58,347	5,074	-	-	67,848
Enterprise:						
Water and Sewer	-	-	345	-	-	345
Storm Water	-	-	54	-	-	54
Public Transit	-	-	340	-	-	340
Airport	-	-	202	-	-	202
Internal Service	-	-	42	-	-	42
<b>Total</b>	<b>\$ 4,550</b>	<b>\$ 127,075</b>	<b>\$ 84,455</b>	<b>\$ 9,781</b>	<b>\$ 26,399</b>	<b>\$ 252,260</b>

The transfers consist primarily of the following: (a) \$127,075 to Debt Service from Nonmajor governmental and General to cover debt service costs, (b) \$84,455 to Capital Projects mainly from General and Debt Service to cover Capital Projects, and (c) \$26,399 to Public Transit mainly from Capital Projects, to cover maintenance of efforts.

**h. Payables**

Payables at June 30, 2021, including amounts payable from restricted assets, were as follows:

	Vendors	Salaries	Other	Total
<b>Governmental</b>				
General	\$ 29,423	\$ 708	\$ 1,121	\$ 31,252
Debt Service	27	-	-	27
Capital Projects	19,177	-	4,022	23,199
General COVID Relief	669	-	-	669
Nonmajor governmental	6,424	-	18	6,442
<b>Total Governmental</b>	<b>55,720</b>	<b>708</b>	<b>5,161</b>	<b>61,589</b>
<b>Proprietary</b>				
Water and Sewer	53,862	835	1,871	56,568
Storm Water	10,749	191	-	10,940
Airport	47,371	613	100	48,084
Public Transit	9,177	928	4,814	14,919
Internal Service	68,545	21	-	68,566
<b>Total Proprietary</b>	<b>189,704</b>	<b>2,588</b>	<b>6,785</b>	<b>199,077</b>
<b>Total</b>	<b>\$ 245,424</b>	<b>\$ 3,296</b>	<b>\$ 11,946</b>	<b>\$ 260,666</b>

**i. Deferred Outflows and Inflows of Resources and Unavailable Revenues**

The City has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

	City	Component Unit
Pension deferrals	\$ 627,203	\$ 3,042
OPEB deferrals	91,802	10,821
Contributions to pension plan in current fiscal year	60,467	1,502
Accumulated decrease in fair value of hedging derivatives	74,415	-
Loss on refundings	561	-
Unamortized bond refunding charges	9,464	-
	<b>\$ 863,912</b>	<b>\$ 15,365</b>

Deferred inflows of resources are comprised of the following:

	City	Component Unit
Prepaid taxes	\$ 91	\$ -
Pension deferrals	58,107	112
OPEB deferrals	317,861	1,674
Gain on refundings	70,823	-
	<b>\$ 446,882</b>	<b>\$ 1,786</b>

In addition, governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

At the end of the current fiscal year, the governmental funds reported unavailable revenues as follows:

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental
Property taxes receivable	\$ 8,449	\$ 2,086	\$ 245	\$ 255	\$ 11,035
Notes receivable	-	-	-	52	52
Accounts receivable	3,934	-	1,565	226	5,725
Due from component unit	-	2,153	298	-	2,451
	<u>\$ 12,383</u>	<u>\$ 4,239</u>	<u>\$ 2,108</u>	<u>\$ 533</u>	<u>\$ 19,263</u>

**j. Long-term Liabilities**

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 678,790	\$ -	\$ 53,889	\$ 624,901	\$ 54,551
Plus unamortized premiums	74,701	-	5,396	69,305	5,396
Total bonds payable	753,491	-	59,285	694,206	59,947
Direct placement installment purchases	8,430	-	2,810	5,620	2,810
Installment purchases	625,335	-	82,370	542,965	38,820
Plus unamortized premiums	56,517	-	7,316	49,201	3,113
Total installment purchases	690,282	-	92,496	597,786	44,743
Direct placement general obligation bond anticipation notes	66,568	70,027	-	136,595	-
Direct borrowing section 108 loan guarantee	2,780	-	-	2,780	-
Derivative instrument liability	53,170	-	14,003	39,167	-
Swaption borrowing payable	5,206	-	492	4,714	477
Compensated absences	70,037	37,850	35,606	72,281	27,785
Arbitrage	115	-	98	17	-
Due to participants	16,336	-	1,339	14,997	-
Total pension liability (LGERS)	120,772	39,932	-	160,704	-
Total pension liability (LEOSSA)	126,538	46,294	-	172,832	-
Total pension liability (System)	319,460	366,691	-	686,151	-
Net OPEB liability	502,247	-	274,997	227,250	-
Total Governmental Activities	<u>\$ 2,727,002</u>	<u>\$ 560,794</u>	<u>\$ 478,316</u>	<u>\$ 2,809,480</u>	<u>\$ 132,952</u>

For governmental activities, compensated absences, LGERS, LEOSSA and net OPEB liability are primarily liquidated by the General Fund. Payments due to participants are made by Internal Service Funds.

A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b><u>Business-type Activities</u></b>					
<b>Water and Sewer:</b>					
General obligation bonds	\$ 26,208	\$ -	\$ 14,373	\$ 11,835	\$ 5,076
Plus unamortized premiums	4,569	-	2,469	2,100	698
Revenue bonds	1,298,740	333,445	359,445	1,272,740	65,315
Plus unamortized premiums	145,337	65,209	24,107	186,439	8,127
Total bonds payable	<u>1,474,854</u>	<u>398,654</u>	<u>400,394</u>	<u>1,473,114</u>	<u>79,216</u>
Direct placement installment purchases	18,724	-	5,240	13,484	4,427
Installment purchases	6,560	-	1,640	4,920	1,640
Plus unamortized premiums	458	-	131	327	131
Total installment purchases	<u>25,742</u>	<u>-</u>	<u>7,011</u>	<u>18,731</u>	<u>6,198</u>
Direct placement revenue bond anticipation notes	96,241	88,759	100,000	85,000	-
Direct borrowing state revolving loan	49,052	25,026	1,271	72,807	1,270
Derivative instrument liability	46,042	-	10,794	35,248	-
Refundable construction deposits	5,054	-	1,406	3,648	1,264
Compensated absences	6,892	4,494	4,145	7,241	2,928
Net pension liability (LGERS)	21,179	7,549	-	28,728	-
Net OPEB liability	16,163	-	16,163	-	-
Total Water and Sewer	<u>1,741,219</u>	<u>524,482</u>	<u>541,184</u>	<u>1,724,517</u>	<u>90,876</u>
<b>Storm Water:</b>					
General obligation bonds	2,457	-	738	1,719	903
Plus unamortized premiums	356	-	79	277	79
Revenue bonds	126,380	104,705	6,060	225,025	8,175
Plus unamortized premiums	17,450	10,966	2,691	25,725	1,388
Total bonds payable	<u>146,643</u>	<u>115,671</u>	<u>9,568</u>	<u>252,746</u>	<u>10,545</u>
Direct placement revenue bond anticipation notes	106,480	8,520	115,000	-	-
Direct borrowing federal revolving loan	779	-	66	713	66
Compensated absences	1,115	1,118	802	1,431	606
Net pension liability (LGERS)	4,039	1,910	-	5,949	-
Net OPEB liability	3,118	-	2,744	374	-
Total Storm Water	<u>262,174</u>	<u>127,219</u>	<u>128,180</u>	<u>261,213</u>	<u>11,217</u>
<b>Airport:</b>					
Revenue bonds	853,775	379,945	250,660	983,060	14,495
Plus unamortized premiums	91,873	85,066	9,925	167,014	6,480
Total bonds payable	<u>945,648</u>	<u>465,011</u>	<u>260,585</u>	<u>1,150,074</u>	<u>20,975</u>
Direct placement revenue bond anticipation notes	77,250	191,942	234,926	34,266	-
Compensated absences	4,731	2,691	2,704	4,718	1,905
Net pension liability (LGERS)	15,241	6,010	-	21,251	-
Net OPEB liability	3,304	-	3,304	-	-
Total Airport	<u>1,046,174</u>	<u>665,654</u>	<u>501,519</u>	<u>1,210,309</u>	<u>22,880</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2021**

*(Dollar Amounts in Thousands)*

Public Transit:					
Installment purchases	230,380	-	87,365	143,015	47,120
Plus unamortized premiums	7,666	-	1,456	6,210	652
Total installment purchases	238,046	-	88,821	149,225	47,772
Direct borrowing TIFIA loan (installment purchases)	172,411	-	3,981	168,430	4,096
Compensated absences	4,733	2,376	2,026	5,083	1,309
Net pension liability (LGERS)	11,375	3,487	-	14,862	-
Net OPEB liability	7,130	-	7,130	-	-
Total Public Transit	433,695	5,863	101,958	337,600	53,177
Total Business-type Activities	<u>\$ 3,483,262</u>	<u>\$ 1,323,218</u>	<u>\$ 1,272,841</u>	<u>\$ 3,533,639</u>	<u>\$ 178,150</u>

The government-wide statement of net position includes \$20,975 of long-term liabilities due within one year for business-type activities in the liabilities payable from restricted assets. The remaining amount of \$157,175 is displayed as noncurrent liabilities, due within one year on that same statement.

**(1) General Obligation Bonds**

The City issues general obligation bonds to finance acquisition or construction of major capital facilities and the purchase of other major capital items. Bonded indebtedness has also been issued to advance refund several general obligation bonds. The following table summarizes the City's general obligation bonds:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2021
<b>Governmental Activities:</b>					
Refunding, Series 2012A	1.25% - 5.00%	04/12/2012	2033	\$ 175,495	\$ 20,310
Taxable Housing, Series 2013A	1.00% - 4.15%	09/05/2013	2030	34,370	19,320
Refunding, Series 2013B	2.00% - 5.00%	09/05/2013	2030	74,068	45,088
Refunding, Series 2014A	1.75% - 5.00%	05/01/2014	2035	131,105	91,770
Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2025	51,895	20,773
Refunding, Series 2016A	5.00%	11/01/2016	2037	116,230	92,970
Refunding, Series 2019A	2.00% - 5.00%	08/15/2019	2039	189,920	165,020
Taxable Housing, Series 2019B	1.45% - 3.00%	08/28/2019	2039	55,000	49,500
Refunding, Series 2020A	3.00% - 5.00%	03/04/2020	2027	30,440	26,180
Refunding, Series 2020B	1.508% - 2.155%	03/04/2020	2032	93,970	93,970
Total Governmental Activities					<u>\$ 624,901</u>
<b>Business-type Activities:</b>					
<b>Water and Sewer:</b>					
Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2023	\$ 27,144	\$ 7,140
Refunding, Series 2018A	5.00%	08/01/2018	2024	26,920	4,695
Total Water and Sewer					<u>11,835</u>
<b>Storm Water:</b>					
Refunding, Series 2013B	2.00% - 5.00%	09/05/2013	2022	137	127
Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2023	6,051	1,592
Total Storm Water					<u>1,719</u>
Total Business-type Activities					<u>\$ 13,554</u>

The principal and interest on the General Obligation Bonds allocated to Water and Sewer and Storm Water are wholly payable from net revenues of the Water and Sewer and Storm Water systems, respectively.

Debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities		
Year Ending June 30	Principal	Interest
2022	\$ 54,551	\$ 23,895
2023	55,325	21,456
2024	55,700	19,139
2025	56,080	17,009
2026	51,635	14,962
2027-2031	204,145	45,764
2032-2036	113,965	15,099
2037-2039	33,500	1,711
	<u>\$ 624,901</u>	<u>\$ 159,035</u>

Year Ending June 30	Water and Sewer		Storm Water	
	Principal	Interest	Principal	Interest
2022	\$ 5,076	\$ 465	\$ 903	\$ 63
2023	5,224	208	816	21
2024	1,535	38	-	-
	<u>\$ 11,835</u>	<u>\$ 711</u>	<u>\$ 1,719</u>	<u>\$ 84</u>

## (2) Revenue Bonds

The following table summarizes the City's revenue bonds for Business-type activities:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2021
Water and Sewer, Series 2006B	Variable	07/26/2006	2037	\$ 300,000	\$ 132,130
Water and Sewer, Refunding Series 2011	1.50% - 5.00%	08/03/2011	2025	93,390	34,135
Water and Sewer, Refunding Series 2015	1.00% - 5.00%	08/27/2015	2046	459,585	329,685
Water and Sewer, Refunding Series 2018	3.00% - 5.00%	04/25/2018	2049	409,915	386,960
Water and Sewer, Refunding Series 2019	3.00% - 5.00%	09/10/2019	2036	58,750	56,385
Water and Sewer, Refunding Series 2020	2.00% - 5.00%	09/24/2020	2051	333,445	333,445
Total Water and Sewer					<u>1,272,740</u>
Storm Water, Refunding Series 2012	2.00% - 5.00%	11/13/2012	2025	20,585	8,095
Storm Water, Refunding Series 2014	3.50% - 5.00%	11/04/2014	2044	101,815	85,840
Storm Water, Refunding Series 2016	1.50% - 5.00%	06/09/2016	2036	32,355	26,385
Storm Water, Fee Revenue Series 2020	2.00% - 5.00%	10/14/2020	2051	104,705	104,705
Total Storm Water					<u>225,025</u>
Airport Special Facility, Series 2011 CONRAC	2.48% - 6.06%	11/09/2011	2042	60,295	52,300
Airport, Refunding Series 2014A	5.00%	11/06/2014	2035	74,290	74,290
Airport, Refunding Series 2014B	2.00% - 5.00%	11/06/2014	2024	31,100	9,270
Airport, Series 2017A	5.00%	06/01/2017	2048	167,385	162,475
Airport, Series 2017B	5.00%	06/01/2017	2048	16,345	15,990
Airport, Refunding Series 2017C	3.25% - 5.00%	06/01/2017	2042	119,050	111,770
Airport, Series 2019A	3.00% - 5.00%	06/20/2019	2050	142,220	141,080
Airport, Series 2019B	4.00% - 5.00%	06/20/2019	2050	36,145	35,940
Airport, Series 2021A	3.00% - 5.00%	05/06/2021	2052	271,525	271,525
Airport, Series 2021B	3.00% - 5.00%	05/06/2021	2052	108,420	108,420
Total Airport					<u>983,060</u>
Total Business-type Activities					<u>\$ 2,480,825</u>

Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions. The City entered into an interest rate swap agreement for the variable rate Water and Sewer Revenue Bonds Series 2006B. See note 4.j.7 for additional information concerning derivative instruments.

*(Dollar Amounts in Thousands)*

The principal and interest on the Water and Sewer and Storm Water Revenue Bonds are payable from net revenues of the water and sewer and storm water systems, respectively. Pursuant to the general trust indentures, the City has covenanted to charge rates that produce net revenues which (1) including 50 percent of the surplus fund, after providing for a two-month operating reserve, are at least 120 percent of the principal and interest requirements plus 100 percent of non-revenue bond debt service requirements and (2) are at least 110 percent of the principal and interest requirements plus 100 percent of non-revenue bond debt service requirements. Based on the fiscal year 2021 Water and Sewer Fund budgets, revenue bond debt service coverage was at least 2.9 percent. Based on the fiscal year 2021 Storm Water Fund budgets, revenue bond debt service coverage was at least 4.7 percent.

The principal and interest on the Airport Revenue bonds are payable from net revenues of the Airport. Pursuant to the Revenue Bond Order, the City has covenanted to charge rates which produce revenues sufficient to cover principal and interest payments.

The revenue bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders or Lease. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Revenue Bond Orders or Lease.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	<u>Business-type Activities</u>					
	Water and Sewer		Storm Water		Airport	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 65,315	\$ 49,727	\$ 8,175	\$ 8,253	\$ 14,495	\$ 39,741
2023	65,745	46,780	8,565	7,863	22,955	44,582
2024	68,845	43,803	8,955	7,470	28,735	43,317
2025	66,650	40,761	9,380	7,044	33,860	41,761
2026	52,860	38,094	7,535	6,651	35,660	40,010
2027-2031	266,645	155,304	43,535	27,361	192,085	171,241
2032-2036	308,490	97,215	47,415	17,582	201,215	122,933
2037-2041	227,580	45,283	34,780	10,047	183,420	78,323
2042-2046	101,640	19,022	32,575	4,538	143,190	42,683
2047-2051	48,970	2,826	24,110	1,380	115,545	13,044
2052	-	-	-	-	11,900	238
	<u>\$ 1,272,740</u>	<u>\$ 538,815</u>	<u>\$ 225,025</u>	<u>\$ 98,189</u>	<u>\$ 983,060</u>	<u>\$ 637,873</u>

**(3) Installment Purchases**

The following table summarizes the City's installment purchases:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2021
<b>Governmental Activities:</b>					
Convention Center, Series 2013I, Direct Placement	2.94%	10/22/2013	2023	\$ 28,125	\$ 5,620
Convention Center, Series 2015A	0.86% - 2.97%	05/14/2015	2023	39,335	10,480
Convention Center, Refunding Series 2016A	5.00%	06/01/2016	2026	33,010	15,275
Convention Center, Series 2016B	0.97% - 2.45%	06/01/2016	2023	23,685	7,095
Convention Center, Series 2019A	4.00% - 5.00%	04/25/2019	2049	101,955	99,220
Convention Center, Refunding Series 2019A	4.00% - 5.00%	04/25/2019	2034	18,995	17,270
Tourism, Series 2003F	Variable	05/29/2003	2034	41,000	19,785
Tourism, Refunding Series 2013G	Variable	05/30/2013	2033	128,245	84,615
Tourism, Series 2018	5.00%	11/08/2018	2024	11,640	6,980
Hall of Fame, Series 2009D	Variable	07/30/2009	2035	100,000	70,445
Hall of Fame, Refunding Series 2019C	3.00% - 4.00%	06/04/2019	2039	34,935	34,935
Cultural Facilities, Refunding Series 2019B	4.00% - 5.00%	06/04/2019	2039	96,975	90,925
Public Safety, Series 2012A	1.25% - 5.00%	01/04/2012	2032	23,195	12,760
Public Safety, Series 2013A	2.00% - 5.00%	04/04/2013	2033	16,700	11,715
Public Safety, Series 2014A	3.00% - 5.00%	03/27/2014	2034	16,225	10,530
Public Safety, Series 2018	3.125% - 5.00%	11/08/2018	2039	56,610	50,935
<b>Total Governmental Activities</b>					<u>\$ 548,585</u>
<b>Business-type Activities:</b>					
<b>Water and Sewer:</b>					
Equipment, Series 2018	5.00%	11/08/2018	2024	\$ 8,205	\$ 4,920
Equipment, 2019, Direct Placement	1.52%	10/11/2019	2024	20,000	13,484
<b>Total Water and Sewer</b>					<u>18,404</u>
<b>Public Transit:</b>					
Equipment and Facilities, Series 2008A	3.50% - 5.00%	06/04/2008	2035	34,965	23,445
Equipment and Facilities, Series 2013B	3.00%	05/07/2013	2022	123,140	41,330
Equipment and Facilities, Refunding Series 2013C	2.00% - 5.00%	05/07/2013	2033	47,845	34,170
Equipment and Facilities, Refunding Series 2015B	2.00% - 5.00%	06/18/2015	2035	56,470	44,070
<b>Total Public Transit</b>					<u>143,015</u>
<b>Total Business-type Activities</b>					<u>\$ 161,419</u>

Interest on the variable-rate installment purchases is determined by a remarketing agent based upon market conditions. The City entered into an interest rate swap agreement for the variable rate Hall of Fame 2009D and Tourism Refunding Series 2013G. See note 4.j.7 for additional information concerning derivative instruments.

These installment purchase contracts are non-general obligation financings. In accordance with State statutes, no deficiency judgment may be rendered against the City for amounts owed and the taxing power of the City may not be pledged directly or indirectly to collateralize amounts due pursuant to these contracts.

The City's outstanding installment purchases of \$548,585 (\$5,620 of which are direct placement installment purchases) are secured with collateral of public safety, convention center, cultural arts, NASCAR Hall of Fame, and other government facilities.

The City enters into installment purchase contracts annually for the purchase of capital equipment. These financings are payable over five years.

Water and Sewer's outstanding non-direct and direct placement installment purchases of \$18,404 are secured with collateral of equipment purchased. The City's outstanding installment purchases of \$143,015 for Public Transit are secured with collateral of transit-related facilities and parking decks.

Installment purchases debt service requirements to maturity are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Direct Placements</u>	
	Principal	Interest	Principal	Interest
2022	\$ 38,820	\$ 16,371	\$ 2,810	\$ 165
2023	36,235	15,271	2,810	83
2024	28,380	14,264	-	-
2025	27,150	13,490	-	-
2026	28,310	12,773	-	-
2027-2031	138,470	53,835	-	-
2032-2036	130,210	36,338	-	-
2037-2041	72,805	16,580	-	-
2042-2046	24,745	7,401	-	-
2047-2049	17,840	1,446	-	-
	<u>\$ 542,965</u>	<u>\$ 187,769</u>	<u>\$ 5,620</u>	<u>\$ 248</u>

Year Ending June 30	<u>Business-type Activities</u>					
	<u>Water And Sewer</u>			<u>Public Transit</u>		
	<u>Direct Placements</u>					
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,640	\$ 205	\$ 4,427	\$ 188	\$ 47,120	\$ 5,627
2023	1,640	123	4,495	121	6,060	4,121
2024	1,640	41	4,562	49	6,360	3,818
2025	-	-	-	-	6,670	3,500
2026	-	-	-	-	6,985	3,192
2027-2031	-	-	-	-	39,470	11,421
2032-2035	-	-	-	-	30,350	3,033
	<u>\$ 4,920</u>	<u>\$ 369</u>	<u>\$ 13,484</u>	<u>\$ 358</u>	<u>\$ 143,015</u>	<u>\$ 34,712</u>

**(4) General Obligation Bond Anticipation Note**

The City has available a direct placement general obligation bond anticipation note program to finance street improvements, neighborhood improvements, public improvements and housing projects. The aggregate principal amount of the note outstanding at any one time shall not exceed \$150,000. The note is a general obligation of the City, and the City has pledged its faith and credit to the payment of the principal of and interest on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general obligation bonds. The note will mature no later than the third anniversary of the closing date or October 15, 2022. The City had direct placement general obligation bond anticipation notes payable of \$136,595 outstanding at June 30, 2021. Interest rates are based upon market conditions.

Direct placement general obligation bond note debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ending June 30	Principal	Interest
2022	\$ -	\$ 400
2023	136,595	117
	<u>\$ 136,595</u>	<u>\$ 517</u>

**(5) Revenue Bond Anticipation Note**

The City has available a Water and Sewer direct placement revenue bond anticipation note program to finance the cost of water and sewer system improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$250,000. The note is payable from net revenues of the water and sewer systems. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by water and sewer revenue bonds. The note will mature no later than the third anniversary of the closing date or June 10, 2024. The City had direct placement Water and Sewer revenue bond anticipation notes payable of \$85,000 outstanding at June 30, 2021. Interest rates are based upon market conditions.

The City has available an Airport direct placement revenue bond anticipation note program to finance the cost of Airport improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$300,000. The note is payable from net revenues of the Airport. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payments of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general Airport revenue bonds. The note will mature no later than the third anniversary of the closing date or May 6, 2024. The City had Airport direct placement revenue bond anticipation notes payable of \$34,266 outstanding at June 30, 2021. Interest rates are based upon market conditions.

Direct placement revenue bond anticipation note debt service requirements to maturity are as follows:

Year Ending June 30	Business-type Activities			
	Water and Sewer		Airport	
	Principal	Interest	Principal	Interest
2022	\$ -	\$ 281	\$ -	\$ 178
2023	-	281	-	178
2024	85,000	267	34,266	152
	<u>\$ 85,000</u>	<u>\$ 829</u>	<u>\$ 34,266</u>	<u>\$ 508</u>

**(6) Other Long-term Liabilities**

**(a) Section 108 Loan Guarantee**

The loan guarantee is a provision of the Community Development Block Grant (CDBG) program that provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. Local governments borrowing funds guaranteed by Section 108 loans must pledge their current and future CDBG allocations to cover the loan amount as security for the loan.

Direct borrowing Section 108 loan debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ -	\$ 118
2023	-	118
2024	-	118
2025	-	118
2026	595	106
2027-2029	2,185	145
	<u>\$ 2,780</u>	<u>\$ 723</u>

**(b) Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan**

On September 17, 2015, the City entered into a \$180,000 Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the U.S. Department of Transportation to fund the local portion of the Transit Blue Line Extension in the form of direct borrowing installment purchases. As of June 30, 2021, \$168,430 was outstanding under this agreement. The maturity date is June 1, 2048.

Debt service requirements to maturity are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 4,096	\$ 5,171
2023	4,222	5,045
2024	4,345	4,922
2025	4,491	4,776
2026	4,623	4,644
2027-2031	25,331	21,003
2032-2036	29,461	16,873
2037-2041	34,278	12,056
2042-2046	39,869	6,465
2047-2048	17,714	820
	<u>\$ 168,430</u>	<u>\$ 81,775</u>

**(c) Federal Revolving Loan**

Pursuant to the North Carolina Clean Water Revolving Loan & Grant Act of 1987 and the Federal Clean Water Act Amendments of 1987 and the American Recovery and Reinvestment Act of 2009, the City utilized loan proceeds to construct clean water infrastructures. The direct borrowing loans to be repaid are one-half of the total project costs reimbursed with zero percent interest. Principal is forgiven for one-half of the total project costs reimbursed.

Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>	
Year Ended	
June 30	Principal
2022	\$ 66
2023	66
2024	66
2025	66
2026	66
2027-2031	324
2032	59
	<u>\$ 713</u>

**(d) State Revolving Loan**

Pursuant to the North Carolina Clean Water Revolving Loan & Grant Act of 1987, the City was awarded a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality. The City utilized loan proceeds to construct wastewater treatment works projects. As of June 30, 2021, direct borrowing loans totaling \$93,775 have been approved (but not fully disbursed). The maximum loan term is twenty years. As of June 30, 2021, interest rates varied from zero to 1.71 percent.

Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>		
Year Ending		
June 30	Principal	Interest
2022	\$ 1,270	\$ 111
2023	1,270	105
2024	3,738	943
2025	3,738	895
2026	3,738	847
2027-2031	18,689	3,515
2032-2036	18,689	2,314
2037-2041	16,740	1,114
2042-2043	4,935	127
	<u>\$ 72,807</u>	<u>\$ 9,971</u>

**(7) Derivative Instruments**

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2021 classified by type, and the changes in fair value of such derivative instruments for the year ended are as follows:

	Changes in Fair Value		Fair Value at June 30, 2021		Notional
	Classification	Amount	Classification	Amount	
<u>Governmental Activities</u>					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ 14,003	Debt	\$ (39,167)	\$ 155,060
<u>Business-type Activities</u>					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ 10,794	Debt	\$ (35,248)	\$ 132,130

The mid-market values of the interest rate swaps were estimated using the income approach. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted to a single net present value amount. The interest rate swaps are classified in Level 3 as the valuation relies primarily on unobservable inputs.

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at June 30, 2021 along with the credit rating of the associated counterparty:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2006B Water and Sewer Revenue Bonds	\$ 132,130	8/1/2006	7/1/2036	Pay 4.04%; receive SIFMA swap index	Aa2/A+
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2009D Hall of Fame Certificates of Participation	\$ 70,445	8/18/2009	6/1/2035	Pay 4.725%; receive LIBOR	Aa2/A+
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2013G Tourism Certificates of Participation	\$ 84,615	6/1/2013	6/1/2033	Pay 5.10%; receive SIFMA swap index	Aa2/A+

*Interest Rate Risk:* The City is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR, the bond floating rate swap index, or the SIFMA swap index decreases, the City's net payment on the swaps increases.

*Basis Risk:* The City's hedging derivative instruments expose the City to basis risk since the variable payment received from the counterparty is determined on a basis different from that used to calculate the bond floating rate for the associated bonds. As of June 30, 2021, the rate received by the City for the 2006B agreement was 0.05 percent, whereas the bond floating rate paid by the City was 0.02 percent. As of June 30, 2021, the rate received by the City for the 2009D agreement was 0.08 percent, whereas the bond floating rate paid by the City was 0.08 percent. As of June 30, 2021, the rate received by the City for the 2013G agreement was 0.25 percent, whereas the bond floating rate paid by the City was 0.02 percent.

**Termination Risk:** Either the City or its counterparties may terminate the hedging derivative instruments if the other party fails to perform under the terms of the contract. Termination could result in the City being required to make a termination payment.

**Rollover Risk:** The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that may be terminated prior to the maturity of the hedged debt. If the option to terminate the hedging derivative instrument is exercised, then the City will be re-exposed to the risks being hedged by the hedging derivative instrument.

**Hedging Derivative Instrument Payments and Hedged Debt:** As of June 30, 2021, aggregate debt service requirements of the City's variable-rate debt and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Year Ending June 30	<u>Governmental Activities</u>				
	<u>Variable-Rate Instruments</u>			Hedging Derivatives, Net	Total
	Principal	Interest			
2022	\$ 10,450	\$ 73	\$ 7,572	\$ 18,095	
2023	11,010	69	7,054	18,133	
2024	11,595	65	6,516	18,176	
2025	12,205	60	5,936	18,201	
2026	12,870	54	5,339	18,263	
2027-2031	67,505	188	16,493	84,186	
2032-2035	29,425	44	2,959	32,428	
	<u>\$ 155,060</u>	<u>\$ 553</u>	<u>\$ 51,869</u>	<u>\$ 207,482</u>	

Year Ending June 30	<u>Business-type Activities</u>				
	<u>Variable-Rate Bonds</u>			Hedging Derivatives, Net	Total
	Principal	Interest			
2022	\$ 5,660	\$ 38	\$ 5,200	\$ 10,898	
2023	5,875	25	4,965	10,865	
2024	6,090	23	4,718	10,831	
2025	6,320	22	4,481	10,823	
2026	6,540	21	4,217	10,778	
2027-2031	36,465	84	16,864	53,413	
2032-2036	47,730	43	8,759	56,532	
2037	17,450	2	349	17,801	
	<u>\$ 132,130</u>	<u>\$ 258</u>	<u>\$ 49,553</u>	<u>\$ 181,941</u>	

**Commitments:** The City's derivative instruments include provisions that require the City to post collateral in the event its credit rating falls below A3 by Moody's and A- by S&P. The hedging derivative instruments will be collateralized at fair value with cash and/or U.S. government securities. Collateral will be posted with the City or its agent. At June 30, 2021 the aggregate fair value of all hedging derivative instruments with these collateral posting provisions is (\$74,415). If the collateral posting requirements were triggered at June 30, 2021 the City would not be required to post collateral to its counterparties because they had negative fair values. The City's general obligation debt rating is Aaa from Moody's and AAA from S&P; therefore, no collateral has been posted at June 30, 2021.

## **(8) Refundings**

In September 2020, the City issued \$333,445 in Water and Sewer System Refunding Revenue Bonds, Series 2020 with interest rates ranging from two to five percent. The net proceeds of \$397,059 (after payment of \$1,595 in underwriting fees and other issue costs) were used to refund \$297,055 of outstanding fixed rate revenue bonds, Series 2009B and \$100,000 in outstanding Revenue Bond Anticipation Notes. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$17,067. This difference, reported in the accompanying financial statements as a gain on refundings, is being charged to operations through the year 2040 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 20 years by \$112,585 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$97,944.

In October 2020, the City issued \$104,705 in Storm Water Fee Revenue Bonds, Series 2020 with interest rates ranging from two to five percent. The net proceeds of \$115,000 (after payment of \$671 in underwriting fees and other issue costs) were used to refund \$115,000 in outstanding Revenue Bond Anticipation Notes.

In May 2021, the City issued \$271,525 in Airport Revenue Bonds, Series 2021A with interest rates ranging from three to five percent. The net proceeds of \$333,821 (after payment of \$1,861 in underwriting fees and other issue costs); \$9,005 and \$4,828 in debt service reserve funds of the 2010A and 2011A revenue bonds, respectively; \$1,693 and \$999 of interest account funds on hand of the 2010A and 2011A revenue bonds, respectively; and \$1,525 of principal account funds on hand of the 2011A revenue bonds were used to refund \$100,355 of outstanding fixed rate Airport Revenue Bonds, Series 2010A, \$62,860 of outstanding fixed rate Airport Revenue Bonds, Series 2011A, \$112,728 of Revenue Bond Anticipation Notes and fund the debt service reserve fund for the 2021A bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,647. This difference, reported in the accompanying financial statements as a gain on refundings, is being charged to operations through the year 2042 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 21 years by \$66,505 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$57,773.

In May 2021, the City issued \$108,420 in Airport Revenue Bonds, Series 2021B with interest rates ranging from three to five percent. The net proceeds of \$128,602 (after payment of \$727 in underwriting fees and other issue costs); \$5,752 and \$2,206 in debt service reserve funds of the 2010B and 2011B revenue bonds, respectively; \$527 and \$461 of interest account funds on hand of the 2010B and 2011B revenue bonds, respectively; and \$683 of principal account funds on hand of the 2011B revenue bonds were used to refund \$29,660 of outstanding fixed rate Airport Revenue Bonds, Series 2010B, \$28,325 of outstanding fixed rate Airport Revenue Bonds, Series 2011B, \$41,474 of Revenue Bond Anticipation Notes and fund the debt service reserve fund for the 2021B bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$171. This difference, reported in the accompanying financial statements as a gain on refundings, is being charged to operations through the year 2042 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 21 years by \$21,186 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$19,106.

## **(9) Other Debt Information**

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2021, \$86,600 of bonds outstanding are considered defeased.

As of June 30, 2021, the City has authorized but unissued bonds of \$576,131 consisting of \$354,184 for street improvements, \$75,000 for housing and \$146,947 for neighborhood improvements.

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on eight percent of the total assessed value of real and personal property. As of June 30, 2021, the City's legal debt limit was \$11,729,962. The outstanding debt subject to this limit was \$2,048,068, leaving a net legal debt margin of \$9,681,894.

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned

on investments over the interest paid on the borrowings. At June 30, 2021, the City had a liability of \$17 for estimated arbitrage profits payable.

In the event of default of any City debt, the City agrees to pay the purchaser on-demand interest on any and all amounts due and owing by the City under the related documents. Within the various credit entities of the City, new debt is issued on parity with existing debt. General obligation debt is backed by the full faith and credit of the City, installment purchase contracts are backed by pledged collateral, and revenue bonds are backed by revenue bond covenants.

**(10) Subsequent Events**

On July 1, 2021, the City early redeemed \$50,960 of the Airport Series 2011 CONRAC revenue bonds.

On July 28, 2021, the City formally accepted a direct borrowing state revolving loan of \$3,661 through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On July 30, 2021, the City received \$4,709 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On August 3, 2021, the City issued \$164,730 in Transit Refunding Certificates of Participation, Series 2021A to refund \$23,445 of outstanding Transit Refunding Certificates of Participation, Series 2008A and \$168,430 in Transit Certificates of Participation, Series 2015D. The City completed the refunding to reduce the total debt service payments over a period of 27 years by \$32,650 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$27,279.

On September 17, 2021, the City received \$8,904 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On October 21, 2021, the City issued \$107,600 in Certificates of Participation Series 2021B to finance the purchase and installation of facilities and equipment.

**(11) Early Extinguishment**

On September 22, 2020, the City early prepaid \$3,300 of the Airport Series 2010A and \$3,970 of the Airport Series 2010B revenue bonds.

On April 16, 2021, the City early defeased the balance in full of the \$37,045 Public Safety installment purchases, Series 2015C. Existing resources of \$42,749 were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide for the payment of interest and principal when due until December 1, 2025 and the redemption price of 100% of the principal amount of the then-outstanding defeased certificates on December 1, 2025. Early defeasement resulted in a gain of \$3,960.

On April 29, 2021, the City early prepaid the balance in full of the \$3,150 Public Safety installment purchases, Series 2010A. Early payment resulted in a gain of \$229.

On May 25, 2021, the City prepaid \$81,810 of Public Transit installment purchases, Series 2013B.

**k. Fund Balance**

The following schedule provides information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	\$	197,014
Less:		
Nonspendable Prepaid Items		13
Stabilization by State Statute		68,577
Committed for Component unit		1,261
Fund balance policy		120,115
Remaining Fund Balance - Committed for Capital Projects	<u>\$</u>	<u>7,048</u>

**5. PENSION PLANS AND OTHER BENEFITS**

*Primary Government:* The City participates in the North Carolina Local Governmental Employees’ Retirement System (LGERS), administered by the State of North Carolina; the Charlotte Firefighters’ Retirement System (System), administered through a board of trustees; and the Law Enforcement Officers’ Special Separation Allowance (LEOSSA) managed by the City. The City also participates in a Supplemental Retirement Income Plan for Law Enforcement Officers.

The Statement of Net Position consolidates the deferred outflows of resources, net pension liability and deferred inflows of resources related to pensions for LGERS, System and LEOSSA as follows:

	LGERS	Firefighters’ System	LEOSSA	Total
Deferred Outflows of Resources - City contributions subsequent to the measurement date	\$ 49,054	\$ 12,768	\$ 4,733	\$ 66,555
Other Deferred Outflows	83,119	490,182	47,814	621,115
Net Pension Liability	231,494	686,151	172,832	1,090,477
Deferred Inflows of Resources - Pension deferrals	-	56,132	1,975	58,107
Pension Expense	81,216	101,713	19,641	202,570

Detailed information for all plans follows.

**a. Local Governmental Employees’ Retirement System (LGERS)**

*Plan Description:* The City of Charlotte and the Charlotte Regional Visitors Authority (Authority), a component unit of the City, are participating employers in the statewide Local Governmental Employees’ Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEO) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees’ Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State’s ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided:* LGERS provides retirement and survivor benefits. Retirement benefits are determined at 1.85 percent of the member’s average final compensation times the member’s years of creditable service. A member’s average final compensation is calculated as the average of a member’s four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor’s Alternate Benefit for life or a return of the member’s contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEO are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty.

Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions:* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Charlotte and Authority employees are required to contribute six percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Contractually required contribution rates for the year ended June 30, 2021, were 9.7 percent of compensation for law enforcement officers for the City and 8.95 percent for general employees for the City and the Authority, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to pension plan from the City of Charlotte and the Authority, respectively, were \$49,054 and \$1,502 for the year ended June 30, 2021.

*Refund of Contributions:* City and Authority employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include four percent interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**City of Charlotte** – At June 30, 2021, the City reported a liability of \$231,494 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the City's proportion was 6.478 percent which was an increase of 0.158 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$81,216. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,233	\$ -
Changes of assumptions	17,228	-
Net difference between projected and actual earnings on pension plan investments	32,576	-
Changes in proportion and differences between City contributions and proportionate share of contributions	4,082	-
City contributions subsequent to the measurement date	49,054	-
Total	\$ 132,173	\$ -

\$49,054 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30		
2022	\$	23,847
2023		31,052
2024		18,579
2025		9,641
	\$	83,119

**Component Unit** – At June 30, 2021, the Authority reported a liability of \$8,829 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Authority’s proportion was 0.247 percent which was an increase of 0.009 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Authority recognized pension expense of \$2,960. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,115	\$ -
Changes of assumptions	657	-
Net difference between projected and actual earnings on pension plan investments	1,243	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	27	112
Authority contributions subsequent to the measurement date	1,502	-
Total	<u>\$ 4,544</u>	<u>\$ 112</u>

\$1,502 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources (net of deferred outflows of \$3,042) related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2022	\$ 827
2023	1,108
2024	627
2025	368
	<u>\$ 2,930</u>

**Actuarial Assumptions:** The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50 to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability and investment policy study for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05 percent. All rates of return and inflation are annualized.

*Discount Rate:* The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate:* The following presents the City and the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City and the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 469,675	\$ 231,494	\$ 33,548
Authority	17,912	8,829	1,279

*Pension Plan Fiduciary Net Position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

**b. Charlotte Firefighters' Retirement System (System)**

*Plan Description:* The Charlotte Firefighters' Retirement System (System) administers the Charlotte Firefighters' Retirement System Plan, a single-employer defined benefit pension plan. System membership is comprised of civil service employees of the Charlotte Fire Department. Section 12 of G.S. Chapter 926 of the 1947 Session Laws, as amended, officially known as the Charlotte Firefighters' Retirement System Act (Act), assigns the authority to establish and amend benefit provisions to the System. Management of the plan is vested in the System's Board of Trustees, which consists of 11 members – four appointed by the Resident Judge of the Superior Court of Mecklenburg County, three who serve by virtue of their positions with the City of Charlotte, three elected by the members and one elected by the retirees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Charlotte Firefighters' Retirement System, 428 East Fourth Street, Suite 205, Charlotte, North Carolina 28202, or by calling (704) 336-4431.

*Plan Membership:* At June 30, 2020, the Measurement Date, System membership consisted of the following:

Retired participants and beneficiaries currently receiving benefits	765
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	16
Active participants	1,067
Total	<u>1,848</u>

*Basis of Accounting:* For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/ deductions from fiduciary net position have been determined on the same basis as they are reported by the System. Contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income is reported as earned. The net appreciation in the fair value of investments includes realized gains and losses on investments that were both bought and sold during the year.

*Benefits Provided:* The System provides retirement and permanent and total disability benefits to the uniformed employees of the Fire Department of the City of Charlotte. Retirement benefits are determined as 2.6 percent of the member's final average salary multiplied by the years of credited service. A member's final average salary is calculated as the average monthly compensation received by the member during any two consecutive years of membership which produces the highest average and is contained within the last five years of membership. Plan members are eligible to retire with full retirement benefits at age 60 with five years of creditable service, at age 50 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits with 25 years of creditable service. Early retirement benefits are reduced by three percent for each year the early retirement date precedes age 50. Survivor benefits are available to eligible beneficiaries of members who die while in active service. Eligible beneficiaries may elect to receive a lump sum equal to the return of the member's accumulated contributions, plus those contributions made by the City on their behalf, plus interest of four percent per year. In lieu of the lump sum, the beneficiary may elect an annuity which is the actuarial equivalent of the lump sum. The plan does not provide for automatic post-retirement benefit increases.

*Contributions:* Benefit and contribution provisions are established by State law and may be amended only by the North Carolina legislature. Contributions to the pension plan from the City were \$12,768 for the year ended June 30, 2021.

*Refund of Contributions:* If an employee ceases employment with less than five years of service credit, accumulated employee contributions are refunded to the employee or designated beneficiary. After five or more years of service, the employee may elect to receive a refund of the employee's accumulated contributions with interest compounded annually at four percent or receive an accrued benefit at age 60.

*Method Used to Value Investments:* The investments of the System are reported at fair value. Securities and mutual funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

*Investment Policy:* The North Carolina Act (Act) which established the System requires the Board of Trustees to act with the same care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims. The Act requires the Trustees to design an investment plan to further the purpose of the System by giving consideration to the following: (a) diversification of investments, (b) liquidity and return relative to cash flow needs and (c) projected return. In accordance with the Act, the Board of Trustees has developed and periodically revises a policy statement of investment goals, objectives, and guidelines, which specifically define vehicles that may be used for the investment of System funds. The System invests in the U.S. government securities, corporate bonds, common stocks and mutual funds.

*Concentrations:* The System had individual fixed income or equity investments at June 30, 2021 managed by the following organizations that represented five percent or more of the System's net position:

State Street Global Advisors	37%
Barrow Hanley	15%
Morgan Stanley	14%
T. Rowe Price	5%
MFS Investment Management	5%

*Rate of Return:* For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.32 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the System reported a liability of \$686,151. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

*Actuarial Assumptions:* The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75 to 9.00%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on The Pub-2010 Safety Retiree Headcount-Weighted Below Median Mortality Table adjusted by 87.5% for males projected generationally with Scale MP-2019 for the period after service retirement. The Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2019 is used for the period after disability retirement. The Pub-2010 Safety Employee Headcount-Weighted Mortality Table projected generationally with projection Scale MP-2019 is used for deaths in active service.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	36.0%	7.6%
International Equity	26.0%	7.5%
Domestic Fixed Income	23.0%	3.0%
Non U.S. Fixed Income	5.0%	2.3%
Real Estate	10.0%	6.2%
Total	100.0%	

*Discount Rate:* The discount rate used to measure the total pension liability was 3.38 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions and employer contributions will be made at the current contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the plan year ending June 30, 2046. Therefore, the long-term expected rate of return on pension plan investments of 7.25 percent was applied to all periods of projected benefit payments through June 30, 2046 and the applicable municipal bond index rate of 2.19 percent based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of June 30, 2020, was applied to all periods of projected benefit payments after June 30, 2046. The Single Equivalent Interest Rate (SEIR) of 3.38 percent that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability as of June 30, 2020.

*Changes in the Net Pension Liability:*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2019	\$ 878,328	\$ 558,868	\$ 319,460
Service cost	26,921	-	26,921
Interest	46,105	-	46,105
Difference between expected and actual experience	16,673	-	16,673
Changes of assumptions or other inputs	315,693	-	315,693
Contributions-employer	-	11,450	(11,450)
Contributions-employee	-	10,770	(10,770)
Net investment income	-	17,216	(17,216)
Benefit payments, including refunds of employee contributions	(39,529)	(39,529)	-
Administrative expense	-	(672)	672
Other Changes	-	(63)	63
Balances at June 30, 2020	\$ 1,244,191	\$ 558,040	\$ 686,151

*Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate:* The following presents the System's net pension liability calculated using the discount rate of 3.38 percent, as well as what the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.38 percent) or one percentage point higher (4.38 percent) than the current rate:

	1% Decrease (2.38%)	Discount Rate (3.38%)	1% Increase (4.38%)
System's net pension liability	\$ 889,831	\$ 686,151	\$ 522,583

For the year ended June 30, 2021, the System recognized pension expense of \$101,713. At June 30, 2021, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,908	\$ 3,711
Changes of assumptions	424,369	52,421
Net difference between projected and actual earnings on pension plan investments	20,905	-
City contributions subsequent to the measurement date	12,768	-
Total	\$ 502,950	\$ 56,132

\$12,768 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30		
2022	\$	71,618
2023		76,125
2024		77,673
2025		50,870
2026		45,668
Thereafter		112,096
	\$	434,050

Below are the Statement of Net Position and Statement of Changes in Net Position for the Firefighters' Retirement Pension Trust:

<u>Statement of Net Position</u>	
Assets:	
Cash, cash equivalents and investments	\$ 6,372
Receivables:	
Employer contributions	438
Member contributions	346
Interest and dividends	490
Total receivables	<u>1,274</u>
Prepaid items	17
Investments:	
Equity securities - stocks	87,509
Fixed income securities - bonds	124,036
Mutual funds	457,622
Total investments	<u>669,167</u>
Capital assets	670
Less accumulated depreciation	468
Total capital assets, net	<u>202</u>
Total assets	677,032
Liabilities:	
Accounts payable	<u>702</u>
Net Position:	
Restricted for pensions	<u>\$ 676,330</u>

<u>Statement of Changes in Net Position</u>	
Additions:	
Contributions-	
Member	\$ 11,910
Employer	12,768
Total contributions	<u>24,678</u>
Investment income -	
Net appreciation in fair value of investments	132,578
Interest	2,351
Dividends	2,746
Total investment income	<u>137,675</u>
Investment expense	2,976
Net investment income	<u>134,699</u>
Total additions	<u>159,377</u>
Deductions:	
Benefits	39,878
Refunds	531
Administration	612
Depreciation	66
Total deductions	<u>41,087</u>
Change in net position	118,290
Net position - beginning	558,040
Net position - ending	<u>\$ 676,330</u>

### c. Law Enforcement Officers' Special Separation Allowance (LEOSSA)

*Description:* The City of Charlotte administers a public employee retirement system (LEOSSA), a single employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The LEOSSA is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A stand-alone financial report is not issued for the LEOSSA.

All full-time law enforcement officers of the City are covered by the LEOSSA. At December 31, 2019, the LEOSSA's membership consisted of:

Retirees receiving benefits	412
Active plan members	<u>1,772</u>
Total	<u><u>2,184</u></u>

*Basis of Accounting:* The City has chosen to fund the LEOSSA on a pay-as-you-go basis. Pension expenditures are made from the General fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The LEOSSA has no assets accumulated in a trust that meet the criteria in GASB Statement 73.

*Actuarial Assumptions:* The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25 to 7.75%, including inflation and productivity factor
Discount rate	1.93%

*Discount Rate:* The discount rate used to measure the TLP is the S&P Municipal Bond 20-year High Grade Rate index.

*Mortality Assumption:* All mortality rates use Pub-2010 amount- weighted tables.

*Mortality Projection:* All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

*Deaths After Retirement (Healthy):* Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

*Deaths After Retirement (Disabled Members at Retirement):* Mortality rates are based on the Non-Safety mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

*Deaths After Retirement (Survivors of Deceased Members):* Mortality rates are based on the Below-median Teachers Mortality Table for the Contingent Survivors. Rates for the male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

*Deaths Prior to Retirement:* Mortality rates are based on the Safety Mortality Table for Employees.

(Dollar Amounts in Thousands)

December 31, 2019 is the actuarial valuation date upon which the TPL is based. The result was rolled forward using standard actuarial techniques to the Measurement Date. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments for the plan year and then applies interest for the year. The procedure used to determine the TPL as of December 31, 2020 is shown in the following table:

	TPL Reported for Year Ending 2019	Development of TPL for Year Ending 2020 Prior to Assumption Change	Development of TPL for Year Ending 2020 after Assumption Change
TPL Roll Forward			
Interest Rate	3.26%	3.26%	1.93%
Valuation Date for Measurement	12/31/2018	12/31/2019	12/31/2019
TPL as of December 31, 2019	\$ 126,538	\$ 132,428	\$ 172,003
Entry Age Normal Cost for the period January 1, 2020 - December 31, 2020 at the End of the Year	4,116	4,116	6,510
Actual Benefit Payments for the Period January 1, 2020 - December 31, 2020 at the End of the Year	8,915	8,915	8,915
TPL as of December 31, 2020	\$ 125,719	\$ 131,801	\$ 172,832
Experience Actuarial (Gain)/Loss		\$ 6,082	
Discount Rate Change (Gain)/Loss			\$ 41,031

No significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date.

*Contributions:* The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the LEO Separation are financed through investment earnings. The City paid \$8,915 as benefits came due for the reporting period.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

At June 30, 2021, the LEOSSA reported a total pension liability of \$172,832. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$19,641.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,821	\$ -
Changes of assumptions and other inputs	36,993	1,975
City contributions subsequent to the measurement date	4,733	-
Total	\$ 52,547	\$ 1,975

\$4,733 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022 other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2022	\$ 11,691
2023	10,847
2024	10,776
2025	9,116
2026	3,409
	\$ 45,839

Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate: The following presents the City's total pension liability calculated using the discount rate of 1.93 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (0.93 percent) or one percentage point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 185,998	\$ 172,832	\$ 160,699

Schedule of Changes in Total Pension Liability

Total pension liability as of December 31, 2019	\$ 126,538
Service cost	4,116
Interest	3,980
Difference between expected and actual experience	6,082
Changes of assumptions and other inputs	41,031
Benefit payments	(8,915)
Total pension liability as of December 31, 2020	\$ 172,832

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

**d. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Description:* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy:* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City is currently making contributions for the 1,736 law

enforcement officers. Contributions for the year ended June 30, 2021 were \$15,374, which consisted of \$7,345 from the City and \$8,029 from the law enforcement officers.

**e. Death Benefit Plan**

The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (LGERS), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The benefit is paid to beneficiaries of employees who die while still in active service after one year as a contributing member or die within 180 days of their last day of service, provided the contributions have not been withdrawn. The benefit is a lump-sum payment equal to the employee's highest salary for 12 consecutive months during the 24 months before the death. The lump-sum payment will be at least twenty-five thousand but no more than fifty thousand. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2021, the City made contributions to the State for death benefits. The City's contributions for employees engaged in law enforcement represented 0.14 percent of covered payroll.

**f. Other Postemployment Benefits**

*Description:* The City of Charlotte Employee Benefit Trust Plan (EBTP) is a single-employer defined benefit healthcare plan administered by the City of Charlotte. The EBTP provides health and welfare benefit plans for the benefit of eligible retired employees of the City. Section 4.05 of the Charlotte City Code assigns the authority to establish benefit provisions for EBTP to the City Council. A stand-alone financial report is not issued.

*Plan Membership:* At June 30, 2020 the EBTP membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	2,208
Active participants	3,003
Total	<u>5,211</u>

*Benefits Provided:* The EBTP provides healthcare benefits for retirees hired before July 1, 2009 and have at least ten years of consecutive City service in a benefit eligible position and immediately begin drawing a retirement benefit. The City pays a percentage of the cost of coverage for employees' benefits through private insurers based on years of service. Sworn public safety officers hired on or after July 1, 2009 and the City Manager are eligible to participate in a Retirement Health Reimbursement Plan (RHRP). This benefit provides a weekly City contribution into a Health Reimbursement account and upon vesting, the employee can use it to pay for qualified healthcare expenses in retirement or at the time of separation of service.

*Contributions:* The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution rates for plan members were dependent on the years of service and the coverage selected. Monthly rates ranged from \$233 to \$2,344 per retiree.

City Contributions to EBTP based on years of creditable service

Years of Creditable Service	Date Hired	
	Pre-July 1, 2009	On or after July 1, 2009
Less than 10 years	0%	0%
10 to 20 years	50%	0%
20 + years	100%	0%

The City Council set the employer contribution rate to contribute the projected pay-as-you-go-financing requirements, with additional amounts to prefund benefits as determined annually. For the current year, the City contributed \$44,492 to the plan.

*Investments:* The Long-Term Investment Program (LTIP) represents an investment program in which long-term capital reserves of the City are invested under expanded investment authorization outlined in State law G.S. 147-69.2(b) (1)-(6) and (8) as rewritten with additional investment authorization in Senate Bill 703, ratified June 3, 2009, in order to diversify investment assets of the City. In addition, the LTIP is expected to be a source of funding for OPEB obligations of the City.

The LTIP is overseen by its Board which works with an external investment consultant to manage the LTIP by developing and monitoring its investment policy, including asset allocation, selecting qualified investment managers to manage LTIP assets, and to monitor and evaluate individual investment manager performance.

The LTIP policy regarding the allocation of invested assets, is established and may be amended by the LTIP Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy with moderate risk that provides a rate of return that exceeds the rate of inflation and that is above average compared to relevant market benchmarks. The Board also seeks prudent diversification of the portfolio across a broad selection of distinct asset classes. The LTIP discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. LTIP investments are valued at fair value. The following was the Board's adopted asset allocation policy based on an analysis of historical and projected capital market return patterns and consistent with the moderate risk tolerance defined in its policy.

Asset Class	Target Allocation
Non Domestic Equity	15%
Domestic Equity	44%
Non Domestic Fixed Income	5%
Domestic Fixed income	15%
Cash and Cash Equivalents	21%
Total	100%

*Rate of Return:* For the year ended June 30, 2021, the annual money market weighted rate of return on investment, net of investment expenses was 7.40 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the City at June 30, 2021 were as follows:

Total OPEB liability	\$ 346,614
Plan fiduciary net position	161,748
City's net OPEB liability	\$ 184,866
Plan fiduciary net position as a percentage of the Total OPEB liability	46.67%

*Actuarial Assumptions:* The total OPEB liability was determined on an actuarial valuation as of June 30, 2020, using the following key actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation	
General Employees	3.25% - 8.41%
Firefighters	3.75% - 9.00%
Law Enforcement Officers	3.25% - 7.90%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	7.40%
Municipal Bond Index Rate	
Prior Measurement Date	2.21%
Measurement Date	2.16%
Year FNP is projected to be depleted	
Prior Measurement Date	2039
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.05%
Measurement Date	7.40%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare Medical and Prescription Drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

(Dollar Amounts in Thousands)

Total OPEB liabilities were rolled forward to June 30, 2020 and June 30, 2021 for the employer and the plan, respectively, utilizing updated procedures incorporating the actuarial assumptions.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

*Discount Rate:* The discount rate used to measure the total OPEB liability at June 30, 2020 was 7.40 percent. The projection's basis was an actuarial valuation performed as of June 30, 2020.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:* The following exhibit presents the net OPEB liability of the EBTP as of June 30, 2021 as well as what the EBTP's liability would be if it were calculated using a discount rate that is one percentage point lower (6.40 percent) or one percentage point higher (8.40 percent) than the current rate.

	1% Decrease (6.40%)	Discount Rate (7.40%)	1% Increase (8.40%)
Net OPEB liability	\$ 227,783	\$ 184,866	\$ 149,225

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:* The following presents the net OPEB liability of EBTP as of June 30, 2021, as well as what the EBTP net OPEB liability would be if it were to calculate the healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 144,093	\$ 184,866	\$ 234,321

*Changes in Net OPEB Liability, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:* At June 30, 2021, EBTP reported a net OPEB liability of \$184,866. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2021, the components of the net OPEB liability of the EBTP, measured as of June 30, 2021, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2020	\$ 633,011	\$ 101,049	\$ 531,962
Service cost	17,691	-	17,691
Interest	19,173	-	19,173
Difference between expected and actual experience	(39,053)	-	(39,053)
Changes of assumptions or other inputs	(275,390)	-	(275,390)
Contributions-employers	-	44,303	(44,303)
Net investment income	-	26,988	(26,988)
Administrative expense	-	(1,774)	1,774
Benefit payments	(8,818)	(8,818)	-
Net change	(286,397)	60,699	(347,096)
Balances at June 30, 2021	<u>\$ 346,614</u>	<u>\$ 161,748</u>	<u>\$ 184,866</u>

*Changes of Assumptions:* Changes of assumptions and other inputs reflect a change in the discount rate from 3.05 percent in 2019 to 7.40 percent in 2020. Medical claims cost and rates were changed based on most recent

experience and changed to the current schedule. The Excise Tax of 40 percent on healthcare plans that are above the thresholds set by the Affordable Care Act will be effective in 2022 and have been reflected.

For the year ended June 30, 2021, the EBTP recognized OPEB income of \$44,742. At June 30, 2021, the EBTP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,983	\$ 75,337
Changes of assumptions or other inputs	89,820	231,091
Net difference between projected and actual earnings on plan investments	-	11,433
Total	\$ 91,803	\$ 317,861

Total amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	
2022	\$ 75,876
2023	75,858
2024	53,193
2025	21,131
	\$ 226,058

Below are the Statement of Net Position and Statement of Changes in Net Position for the Employee Benefit – Other Employee Benefit Trust:

Statement of Net Position - Other Employee Benefit Trust

Assets:	
Cash, cash equivalents and investments	\$ 531
Receivables:	
Interest and dividends	6
Investments:	
Mutual funds	161,242
Total assets	161,779
Liabilities:	
Accounts payable	31
Net Position:	
Net position restricted for OPEB	\$ 161,748

Statement of Changes in Net Position - Other Employee Benefit Trust

Additions:	
Contributions-	
Employer	\$ 44,303
Investment income -	
Net appreciation in fair value of investments	26,658
Interest	330
Total investment income	26,988
Investment expense	330
Net investment income	26,658
Total additions	70,961
Deductions:	
Benefits	1,114
Insurance premiums	7,704
Administration	1,444
Total deductions	10,262
Change in net position	60,699
Net position - beginning	101,049
Net position - ending	\$ 161,748

**g. Deferred Compensation Plan**

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are placed in trust for the exclusive benefit of the participants and their beneficiaries and therefore are not included in the City's financial statements. For the year ended June 30, 2021, the City contributed \$1,444.

The City provides a deferred compensation plan created in accordance with the Internal Revenue Code Section 401(a). The plan, which is available to the City Manager position, permits the City to provide compensation that can be deferred until future years. The deferred compensation is not available to the City Manager until termination, retirement, death or unforeseeable emergency. The plan assets are placed in trust for the exclusive benefits of the participant and therefore are not included in the City's financial statements.

The City participates in the NC 401(k) Plan which is a retirement savings plan administered by the North Carolina Department of the State Treasurer, and available exclusively to North Carolina public employees who are actively contributing to one of the NC Retirement Systems.

**6. OTHER INFORMATION****a. Airport Leasing Arrangements with Tenants**

A major portion of the Airport's assets are leased under operating agreements with airlines and other tenants. The total cost and accumulated depreciation of the assets at June 30, 2021 were as follows:

Land	\$ 399,315
Buildings	1,330,295
Runways	499,220
Improvements other than buildings	351,246
Intangibles	16,468
Machinery and equipment	162,870
Total	2,759,414
Less: accumulated depreciation	1,025,096
Total	\$ 1,734,318

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2021:

Year	
2022	\$ 68,925
2023	69,416
2024	67,866
2025	67,696
2026	68,221
Total minimum future rental income	<u>\$ 342,124</u>

Of the \$342,124 minimum future rental income on noncancelable operating leases, \$97,856 relates to agreements with American Airlines. See Note 6.i. for additional information related to American Airlines. Contingent rentals that may be received under certain leases based on the tenant's revenues, fuel flow or usage are not included above. Contingent rentals of approximately \$72,151 were received during the year ended June 30, 2021.

**b. Passenger Facility Charges**

The Federal Aviation Administration (FAA) authorized the Airport to collect Passenger Facility Charges (PFC) of \$3 per qualifying enplaned passenger commencing November 1, 2004. The net receipts from PFC are accounted for on the accrual basis of accounting in the statement of revenues, expenses and changes in fund net position and are restricted for use on FAA approved projects. The Airport has been authorized to collect PFC in the aggregate amount of \$3,237,340. Cash collections during fiscal year 2021 were \$45,767 and aggregate collections from inception through June 30, 2021 were \$902,677.

**c. Insurance**

**(1) Employee Health and Life**

The City provides health and life benefits to employees and retirees. Private companies administer these benefits pursuant to administrative services agreements. The City maintains insurance coverage with private carriers for life claims, vision claims and excess coverage for health claims in excess of five-hundred thousand. The City has an Employee Health and Life Insurance Fund (EHLIF), an internal service fund, to account for and finance its health and life insurance program.

All City funds participate in the program and make payments to the EHLIF for both an amount per employee and a proportionate share of the administrative cost. The amount per employee is based on actuarial estimates of amounts needed to pay prior and current year claims. The employees and retirees contribute a portion of the cost for health coverage. The City provides basic life insurance and accidental death and dismemberment benefits for employees in the amount of two times the employees' salary up to a maximum of five-hundred thousand. Employees may purchase additional life insurance up to a maximum of five times their salary. The City provides short-term disability that equals 60 percent of salary for up to 26 weeks.

Liabilities include amounts for both reported and incurred but not reported claims. The changes in the fund's liabilities follow:

	Beginning of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2021	\$ 10,463	\$ 92,610	\$ (90,674)	\$ 12,399
2020	10,400	80,079	(80,016)	10,463

At June 30, 2021 the EHLIF held \$45,935 in cash and cash equivalents for payments of these claims.

**(2) Risk Management**

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings, contents, and light rail trains; excess workers' compensation; excess vehicle and general liability; network security liability; police professional liability; police helicopter hull liability; drone liability; airport liability; City bus liability and passenger railway liability for the light rail train operations. Insurance coverage includes vehicle and general liability claims in excess of \$2,000 but less than \$22,000 per occurrence, workers' compensation claims in excess of \$2,000, property damage claims in excess of \$250 and flood insurance of \$100,000 in all flood zones, except \$10,000 in flood zone A in excess of federal flood program maximums, network security coverage in the amount of \$40,000 and drone liability in the amount of \$2,000. The finance officer is bonded for \$100. Employees who handle funds or have access to inventories are bonded under a blanket bond for \$500. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. Settled claims have not exceeded insurance coverage in the past three years. All funds of the City participate in the risk management program and make payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses.

Pursuant to administrative agreements, the City provides risk management services to Mecklenburg County and the Charlotte-Mecklenburg Board of Education. There is no transfer or pooling of risks among entities. Amounts collected or due and amounts paid or to be paid to settle claims for Mecklenburg County and the Charlotte-Mecklenburg Board of Education are reported as a net liability on an accrual basis. At June 30, 2021, \$14,997 was held as deposits for these entities. This amount is reflected as a long-term liability, Due to Participants, in the RMF.

The claims liability of \$54,383 reported in the RMF at June 30, 2021, is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are based on the estimated ultimate cost of settling the claims, which includes incremental claim adjustment expenditures/expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GASB Statement No. 30. The changes in the fund's liabilities follow:

	Beginning of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2021	\$ 47,792	\$ 25,049	\$ (18,458)	\$ 54,383
2020	42,968	19,692	(14,868)	47,792

At June 30, 2021 the RMF held \$82,734 in cash and cash equivalents for payments of these claims.

**d. Commitments and Contingencies**

Noise litigation suits have been filed against the City in connection with the operation of the Charlotte Douglas International Airport. In the opinion of the City's attorney and management, the ultimate outcome of the suits is not expected to have significant impact upon the financial position or results of operations of the Airport Fund.

The City is also party to a number of other civil injustice lawsuits and legal actions. In the opinion of the City's attorney and management, the ultimate outcome of these legal matters is not expected to have a significant impact upon the City's financial position.

The City is currently evaluating a number of environmental issues including two former landfill sites. Until site assessments and further studies are completed, the cleanup costs can only be estimated. During the current fiscal year a provision for cleanup costs of \$679 has been provided within the financial statements. In the opinion of City management, costs ultimately incurred are not expected to have a material effect on the City's financial position after giving effect to the provision for cleanup costs.

The City manages a Brownfield Assessment Grant Program which assists property and business owners and infill developers in overcoming barriers that contamination presents for the redevelopment of underutilized brownfield sites in distressed business districts and neighborhoods. The Program provides fifty percent matching funds, up to \$20 per site, to property owners for site assessment, design of remediation activities, and legal expenses for redevelopment sites suspected of contamination. When the City enters into the agreements, it legally obligates itself to participate

in the cleanup activities of the remediation effort. The amount of the liability is derived from the grant agreements and assumes no unexpected change orders.

The City has received a number of federal and state grants for specific purposes that are subject to review by the grantor agencies. Such reviews could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. The City management believes that such disallowances, if any, would not be significant.

On October 2, 2020, a state judge entered a ruling that is made up of two parts. Regarding the first part, the state judge granted a ruling declaring Charlotte Water's assessment of system development fees between November 5, 2015, and June 30, 2018, to be illegal and ordered those fees be repaid, with interest, to the plaintiffs. The City collected approximately \$60,000 in system development fees between November 5, 2015 and June 30, 2018. The City appealed this part of the ruling. Regarding the second part of the ruling, the state judge ordered a jury trial to determine the legality of Charlotte Water's assessment of system development fees between July 1, 2018 through June 30, 2020. The plaintiffs sued again regarding the system development fees assessed from July 1, 2020, to present and the Court consolidated the two cases for one jury trial to determine the legality of Charlotte Water's assessment of system development fees between July 1, 2018 through present. If the Court rules against the City in the second part, it would have a right to appeal as well. Notwithstanding, the City disagrees with plaintiffs and contends its system development fees were properly assessed and authorized by law.

Authorized capital projects at June 30, 2021 are comprised of the following by fund:

	Project Authorization	Expended	Unexpended
<u>Governmental</u>			
Capital Projects	\$ 3,479,888	\$ 2,534,281	\$ 945,607
<u>Enterprise</u>			
Water and Sewer	3,794,432	3,076,653	717,779
Storm Water	950,429	815,303	135,126
Airport	2,347,248	1,816,130	531,118
Public Transit	2,268,240	2,022,434	245,806
Total Enterprise	<u>9,360,349</u>	<u>7,730,520</u>	<u>1,629,829</u>
Total	<u>\$ 12,840,237</u>	<u>\$ 10,264,801</u>	<u>\$ 2,575,436</u>

Financial resources are available to fund the total amount of unexpended authorizations.

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. For governmental funds, encumbrances are included within the restricted, committed or assigned fund balances, as appropriate and are established in the funds as follows:

General	\$ 15,533
Debt Service	4
Capital Projects	171,426
Nonmajor governmental	31,537
Total	<u>\$ 218,500</u>

The City has construction and other contractual commitments at June 30, 2021 as follows by fund:

<u>Governmental</u>	
General	\$ 190,082
Nonmajor governmental	30,012
Total Governmental	<u>220,094</u>
<u>Enterprise</u>	
Water and Sewer	317,105
Storm Water	72,835
Airport	137,788
Public Transit	11,950
Total Enterprise	<u>539,678</u>
Total	<u>\$ 759,772</u>

The City has operating lease commitments for land and office space with future rentals under these leases at June 30, 2021 as shown below:

Year		
2022	\$	1,550
2023		1,454
2024		1,141
2025		1,044
2026		889
2027-2031		4,642
2032-2036		71
	<u>\$</u>	<u>10,791</u>

Related lease expense was approximately \$1,543 in fiscal year 2021.

**e. Arena**

Spectrum Center (formerly Time Warner Cable Arena) was constructed and financed by the City and opened in October 2005. The primary tenant of the arena is the National Basketball Association’s Charlotte Hornets. Terms of a twenty-five-year lease entitle the team to all operating revenues and the team is responsible for all operating expense, including non-basketball related events. The City and the team each contribute \$250 annually (escalating at five percent per year) to a capital reserve fund. Any capital expenses in excess of the reserve are the responsibility of the City. While the City retains ownership of the facility, the Charlotte Regional Visitors Authority provides operation support for the Arena. The \$200 million project was funded primarily through a combination of installment financing obligations supported by a portion of an occupancy tax and a dedicated rental car tax, private contributions and the sale of City assets. The City is entitled to damages based on the number of years remaining on the lease if the team violates the agreement. The City and the Hornets reached an agreement in 2014 to each contribute an additional \$600 annually to a capital reserve and invest \$27.5 million in capital improvements to Spectrum Center Arena that will align amenities and technology with other NBA facilities. The City issued \$15 million of their commitment on June 25, 2015. The remaining \$12.5 million was issued in fiscal year 2019. The City and the Hornets will review the need for additional capital improvements in the next few years.

#### **f. NASCAR Hall of Fame**

NASCAR Hall of Fame was constructed and financed by the City and opened in May 2010. The \$140 million project was funded through a combination of installment financing obligations supported by a dedicated two percent occupancy tax and private loans repaid through land sales and private contributions. The City also receives a portion of sponsorship money and deferred NASCAR royalty payments to help service the debt. The City owns the facility and the Charlotte Regional Visitors Authority is fully responsible for Hall operations. The City is responsible for any capital costs for the facility, and may supplement capital maintenance and repair costs through the dedicated revenues if funds are available.

#### **g. Cultural Arts Facilities**

The Cultural Arts Facilities consist of the Harvey B. Gantt Center for African-American Arts & Culture, the Bechtler Museum of Modern Art, the Mint Museum, and the Knight Theater, and are known collectively as the Levine Center for the Arts. All four facilities opened in fiscal year 2010 and are owned by the City, with Mecklenburg County entitled to a 30 percent share when the debt is retired. The \$120 million project is part of a \$600 million mixed-use development project, including the 50 story Duke Energy Center. The projects were funded through a combination of installment financing obligations supported by City revenues and ongoing City and County contributions derived from a synthetic tax increment finance payment of \$1,650 (divided proportionally between the City and County) annually through 2026. In addition, Wells Fargo Corporation is under contract to pay the difference between actual tax collections and \$1,650 annually. All four sites are leased by the City to non-profits, which are responsible for operating the facilities. The City and County (70/30 share) are responsible for capital repairs and major maintenance.

#### **h. Bank of America Stadium**

On April 22, 2013, the City Council approved business terms with the Carolina Panthers to fund improvements to Bank of America Stadium as part of a ten-year partnership and authorized the City Manager to develop an agreement with Panthers Stadium, LLC and Panthers Football, LLC consistent with the approved business terms. The agreement called for \$87.5 million in local funding for stadium improvements and the City provided traffic control work. The first \$28.0 million for escalators, entry, and lighting improvements was issued by the City on October 22, 2013. \$1.25 million in operating funds will be appropriated annually for ten years to fund the traffic control. In May 2015, the City issued \$23.5 million for additional technology, infrastructure and landscape improvements to the stadium. The final \$23.5 million in additional capital funding was issued June 1, 2016. In November 2019, City Council approved funding of \$35.0 million for capital improvements to the stadium to accommodate Charlotte's newly awarded Major League Soccer franchise Charlotte FC (Football Club) as well as capital improvements to support Charlotte's FC's youth academy, which will be located at a separate site.

#### **i. American Airlines**

American Airlines Group Inc., (American Airlines) is the major passenger airline serving Charlotte Douglas International Airport (Airport). For the fiscal year ended June 30, 2021, American Airlines and its affiliates provided 33.33 percent of the Airport's operating revenues.

American Airlines conducts its passenger air carrier operations at the Airport pursuant to several agreements, the most significant of which is the City of Charlotte's 2016 Airline Use and Lease Agreement (Airline Agreement), which has also been executed by Frontier Airlines, JetBlue Airlines, Southwest Airlines, Delta Air Lines, United Airlines and Spirit Airlines (collectively, the Signatory Airlines). Pursuant to the Airline agreement, the Signatory Airlines lease certain premises in the passenger terminal building (terminal) and are obligated to pay landing fees and terminal rentals which, in the aggregate, are sufficient to enable the City to pay the annual operating expenses of the airfield and terminal, and the annual debt service on General Airport Revenue Bonds (GARBs) issued by the City to fund airfield, terminal and other airport improvements.





## **Required Supplementary Information, Combining And Individual Fund Statements and Schedules**

Annual Comprehensive Financial Report 2021



**FINANCIAL SECTION***Required Supplementary Information, Combining And Individual Fund Statements and Schedules***CITY OF CHARLOTTE, NORTH CAROLINA****LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM (LGERS)****PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)****LAST EIGHT FISCAL YEARS \*****(Dollar Amounts In Thousands)**

Valuation Date	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Measurement Date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Reporting Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Proportion of the net pension liability (asset) (%)	5.89290%	(5.88149)%	5.89461%	6.04890%	6.11504%	6.25266%	6.32044%	6.47820%
Proportion of the net pension liability (asset) (\$)	\$ 71,032	\$ (32,461)	\$ 26,455	\$ 128,378	\$ 93,421	\$ 148,334	\$ 172,606	\$ 231,494
Covered payroll	\$ 317,369	\$ 358,413	\$ 327,094	\$ 350,856	\$ 381,739	\$ 397,056	\$ 425,364	\$ 454,357
Proportionate share of the net pension liability (asset)								
as a percentage of its covered payroll	22.38%	(9.06)%	8.09%	36.59%	24.47%	37.36%	40.58%	50.95%
Plan fiduciary net position as a percentage of the total pension liability**	94.35%	102.47%	98.09%	91.47%	94.18%	91.63%	90.86%	88.61%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

This schedule will not present ten years of fiscal information until 2023.

**FINANCIAL SECTION***Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM (LGRS)**  
**CITY OF CHARLOTTE'S CONTRIBUTIONS**  
**LAST EIGHT FISCAL YEARS**  
**(Dollar Amounts In Thousands)**

	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 23,348	\$ 24,288	\$ 23,959	\$ 28,613	\$ 30,712	\$ 33,945	\$ 41,715	\$ 49,054
Contributions in relation to the contractually required contribution	23,348	24,288	23,959	28,613	30,712	33,945	41,715	49,054
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charlotte's covered payroll	\$ 358,413	\$ 327,094	\$ 350,856	\$ 381,739	\$ 397,056	\$ 425,364	\$ 454,357	\$ 473,265
Contributions as a percentage of covered payroll	6.51%	7.43%	6.83%	7.50%	7.73%	7.98%	9.18%	10.37%

This schedule will not present ten years of fiscal information until 2023.

**FINANCIAL SECTION**
*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM (SYSTEM)**  
**SCHEDULE OF CHANGES IN THE SYSTEM'S NET PENSION LIABILITY**  
**LAST SEVEN FISCAL YEARS**  
**(Dollar Amounts In Thousands)**

Valuation Date	July 1, 2014	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
Measurement Date	July 1, 2014	July 1, 2015	July 1, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Reporting Date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
<b>Total Pension Liability</b>							
Service cost	\$ 13,967	\$ 15,049	\$ 15,387	\$ 26,438	\$ 24,023	\$ 22,649	\$ 26,921
Interest	34,249	36,036	37,984	37,701	41,792	44,028	46,105
Benefit changes	-	-	-	-	-	9,692	-
Difference between expected and actual experience	-	1,664	(2,503)	19,244	(4,229)	25,476	16,673
Change of assumptions	-	-	211,217	(60,216)	(31,043)	85,552	315,693
Benefit payments	(23,928)	(26,406)	(28,333)	(31,075)	(33,120)	(35,709)	(38,642)
Refunds of contributions	67	(69)	(416)	(70)	(212)	(416)	(887)
<b>Net change in Total Pension Liability</b>	<b>24,355</b>	<b>26,274</b>	<b>233,336</b>	<b>(7,978)</b>	<b>(2,789)</b>	<b>151,272</b>	<b>365,863</b>
<b>Total Pension Liability - Beginning</b>	<b>453,858</b>	<b>478,213</b>	<b>504,487</b>	<b>737,823</b>	<b>729,845</b>	<b>727,056</b>	<b>878,328</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 478,213</b>	<b>\$ 504,487</b>	<b>\$ 737,823</b>	<b>\$ 729,845</b>	<b>\$ 727,056</b>	<b>\$ 878,328</b>	<b>\$ 1,244,191</b>
<b>Plan Net Position</b>							
Contributions - employer	\$ 8,348	\$ 8,589	\$ 8,694	\$ 9,106	\$ 9,333	\$ 10,193	\$ 11,450
Contributions - employee	8,723	9,138	8,991	9,636	9,909	10,610	10,770
Net investment income	73,559	20,373	2,266	57,681	46,981	22,930	17,216
Benefit payments	(23,928)	(26,406)	(28,333)	(31,075)	(33,120)	(35,709)	(38,642)
Administrative expense	(691)	(625)	(657)	(621)	(735)	(583)	(672)
Refunds of contributions	67	(69)	(416)	(70)	(212)	(416)	(887)
Other	-	-	-	(13)	(28)	(49)	(63)
<b>Net change in Plan Net Position</b>	<b>66,078</b>	<b>11,000</b>	<b>(9,455)</b>	<b>44,644</b>	<b>32,128</b>	<b>6,976</b>	<b>(828)</b>
<b>Plan Net Position - Beginning</b>	<b>407,497</b>	<b>473,575</b>	<b>484,575</b>	<b>475,120</b>	<b>519,764</b>	<b>551,892</b>	<b>558,868</b>
<b>Plan Net Position - Ending (b)</b>	<b>\$ 473,575</b>	<b>\$ 484,575</b>	<b>\$ 475,120</b>	<b>\$ 519,764</b>	<b>\$ 551,892</b>	<b>\$ 558,868</b>	<b>\$ 558,040</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 4,638</b>	<b>\$ 19,912</b>	<b>\$ 262,703</b>	<b>\$ 210,081</b>	<b>\$ 175,164</b>	<b>\$ 319,460</b>	<b>\$ 686,151</b>
<b>Plan net position as a percentage of total pension liability</b>	<b>99.03%</b>	<b>96.05%</b>	<b>64.39%</b>	<b>71.22%</b>	<b>75.91%</b>	<b>63.63%</b>	<b>44.85%</b>
Covered payroll	\$ 65,992	\$ 67,897	\$ 68,727	\$ 71,984	\$ 73,779	\$ 80,577	\$ 82,609
<b>Net pension liability as a percentage of covered payroll</b>	<b>7.03%</b>	<b>29.33%</b>	<b>382.24%</b>	<b>291.84%</b>	<b>237.42%</b>	<b>396.47%</b>	<b>830.60%</b>

This schedule will not present ten years of fiscal information until 2024.

**FINANCIAL SECTION***Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM (SYSTEM)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts in Thousands)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined employer contribution	\$ 8,409	\$ 9,214	\$ 10,849	\$ 11,454	\$ 10,206	\$ 9,495	\$ 13,088	\$ 14,625	\$ 14,713	\$ 19,188
Actual employer contributions	7,720	8,100	8,348	8,589	8,694	9,106	9,333	10,193	11,450	12,768
Annual contribution deficiency (excess)	\$ 689	\$ 1,114	\$ 2,501	\$ 2,865	\$ 1,512	\$ 389	\$ 3,755	\$ 4,432	\$ 3,263	\$ 6,420
Covered payroll	\$ 61,028	\$ 64,032	\$ 65,992	\$ 67,897	\$ 68,727	\$ 71,984	\$ 73,779	\$ 80,577	\$ 82,609	\$ 91,200
Actual contributions as a percentage of covered payroll	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	13.86%	14.00%

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for the most recent year in the schedule:

Actuarial cost method	Entry Age
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	3.75 – 9.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

**FINANCIAL SECTION***Required Supplementary Information, Combining And Individual Fund Statements and Schedules***CITY OF CHARLOTTE, NORTH CAROLINA****LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE (LEOSSA)****SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY****LAST FIVE FISCAL YEARS****(Dollar Amounts In Thousands)**

<b>Valuation Date</b>	<b>December 31, 2015</b>	<b>December 31, 2016</b>	<b>December 31, 2017</b>	<b>December 31, 2018</b>	<b>December 31, 2019</b>
<b>Measurement Date</b>	<b>December 31, 2016</b>	<b>December 31, 2017</b>	<b>December 31, 2018</b>	<b>December 31, 2019</b>	<b>December 31, 2020</b>
<b>Reporting Date</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
<b>Total Pension Liability</b>					
Service cost	\$ 3,555	\$ 3,417	\$ 3,904	\$ 3,654	\$ 4,116
Interest	3,768	4,043	3,624	4,053	3,980
Difference between expected and actual experience	-	2,878	412	8,096	6,082
Changes of assumptions and other inputs	(2,348)	6,110	(4,029)	3,315	41,031
Benefit payments	(5,509)	(6,124)	(6,811)	(7,788)	(8,915)
<b>Net change in Total Pension Liability</b>	<b>(534)</b>	<b>10,324</b>	<b>(2,900)</b>	<b>11,330</b>	<b>46,294</b>
<b>Total Pension Liability - beginning</b>	<b>108,318</b>	<b>107,784</b>	<b>118,108</b>	<b>115,208</b>	<b>126,538</b>
<b>Total Pension Liability - ending</b>	<b>\$ 107,784</b>	<b>\$ 118,108</b>	<b>\$ 115,208</b>	<b>\$ 126,538</b>	<b>\$ 172,832</b>
Covered payroll	\$ 126,473	\$ 128,588	\$ 128,322	\$ 131,791	\$ 139,519
Total Pension Liability as a percentage of covered payroll	85.22%	91.85%	89.78%	96.01%	123.88%

The amounts presented for this fiscal year were determined as of December 31, 2019 of the current fiscal year.

This schedule will not present ten years of fiscal information until 2026.

**FINANCIAL SECTION**
*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
EMPLOYEE BENEFIT TRUST PLAN (EBTP)  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY  
LAST FIVE FISCAL YEARS  
(Dollar Amounts In Thousands)**

Valuation Date	July 1, 2017	July 1, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Reporting Date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
<b>Total OPEB Liability</b>					
Service cost	\$ 7,002	\$ 7,545	\$ 8,123	\$ 10,615	\$ 17,691
Interest	23,432	24,372	24,031	22,012	18,998
Difference between expected and actual experience	(294)	-	(106,807)	3,218	(27,282)
Changes of assumptions or other inputs	-	-	(45,850)	145,782	(275,389)
Benefit payments	(14,639)	(25,143)	(15,592)	(18,016)	(20,415)
<b>Net change in Total OPEB Liability</b>	<b>15,501</b>	<b>6,774</b>	<b>(136,095)</b>	<b>163,611</b>	<b>(286,397)</b>
<b>Total OPEB Liability - beginning</b>	<b>583,220</b>	<b>598,721</b>	<b>605,495</b>	<b>469,400</b>	<b>633,011</b>
<b>Total OPEB Liability - ending</b>	<b>598,721</b>	<b>605,495</b>	<b>469,400</b>	<b>633,011</b>	<b>346,614</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	16,361	20,454	21,689	19,957	44,303
Net investment income	7,532	5,881	4,730	1,224	26,988
Benefit payments	(14,639)	(14,782)	(15,592)	(18,016)	(8,818)
Additional contributions into the trust	-	20,325	-	-	-
Administrative expense	(232)	(266)	(223)	(1,984)	(1,774)
Other	(1,844)	(2,746)	-	(41)	-
<b>Net change in Plan Fiduciary Net Position</b>	<b>7,178</b>	<b>28,866</b>	<b>10,604</b>	<b>1,140</b>	<b>60,699</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>53,261</b>	<b>60,439</b>	<b>89,305</b>	<b>99,909</b>	<b>101,049</b>
<b>Plan Fiduciary Net Position - ending</b>	<b>60,439</b>	<b>89,305</b>	<b>99,909</b>	<b>101,049</b>	<b>161,748</b>
<b>Net OPEB Liability - ending</b>	<b>\$ 538,282</b>	<b>\$ 516,190</b>	<b>\$ 369,491</b>	<b>\$ 531,962</b>	<b>\$ 184,866</b>

This schedule will not present ten years of fiscal information until 2026.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**EMPLOYEE BENEFIT TRUST PLAN (EBTP)**  
**SCHEDULE OF CHANGES OF TOTAL LIABILITY AS A PERCENTAGE OF COVERED PAYROLL**  
**LAST FIVE FISCAL YEARS**  
**(Dollar Amounts In Thousands)**

	2017	2018	2019	2020	2021
Total OPEB Liability	\$ 598,721	\$ 605,495	\$ 469,400	\$ 633,011	\$ 346,614
Plan Fiduciary Net Position	60,439	89,305	99,909	101,049	161,748
Net OPEB Liability	<u>\$ 538,282</u>	<u>\$ 516,190</u>	<u>\$ 369,491</u>	<u>\$ 531,962</u>	<u>\$ 184,866</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	10.09%	14.75%	21.28%	15.96%	46.67%
Covered Payroll	\$ 402,489	\$ 402,489	\$ 252,834	\$ 252,834	\$ 240,688
Net OPEB Liability as a percentage of covered payroll	133.74%	128.25%	146.14%	210.40%	76.81%

This schedule will not present ten years of fiscal information until 2026.

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
EMPLOYEE BENEFIT TRUST PLAN (EBTP)  
SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS  
LAST FIVE FISCAL YEARS  
(Dollar Amounts In Thousands)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 22,729	\$ 25,967	\$ 26,605	\$ 26,605	\$ 26,605
Contributions in relation to actuarially determined contribution	24,630	40,778	21,689	19,957	44,303
Contribution deficiency (excess)	<u>\$ (1,901)</u>	<u>\$ (14,811)</u>	<u>\$ 4,916</u>	<u>\$ 6,648</u>	<u>\$ (17,698)</u>
Charlotte's covered payroll	\$ 402,489	\$ 402,489	\$ 252,834	\$ 252,834	\$ 240,688
Contributions in relation to actuarially determined contribution as a percentage of covered payroll	6.12%	10.13%	8.58%	7.89%	18.41%
The Total OPEB Liability was determined based on actuarial valuation as of June 30, 2019, using the following key actuarial assumptions and other inputs:					
Inflation	2.50%				
Real wage growth	0.75%				
Wage inflation	3.25%				
Salary increases, including wage inflation					
General Employees	3.25% - 8.41%				
Firefighters	3.75% - 9.00%				
Law Enforcement Officers	3.25% - 7.90%				
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	7.40%				
Municipal Bond Index Rate					
Prior Measurement Date	2.21%				
Measurement Date	2.16%				
Year FNP is projected to be depleted					
Prior Measurement Date	2039				
Measurement Date	N/A				
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation					
Prior Measurement Date	3.05%				
Measurement Date	7.40%				
Health Care Cost Trends					
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030				
Medicare Medical and Prescription Drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024				
Annual money-weighted rate of return, net of investment expenses	<u>13.84%</u>	<u>7.60%</u>	<u>4.38%</u>	<u>1.30%</u>	<u>25.41%</u>

This schedule will not present ten years of fiscal information until 2026.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than funding for major capital projects) that are restricted to expenditures for specified purposes.

- Convention Center Tax Fund – Accounts for room occupancy and prepared food and beverage tax revenues to be used for convention and tourism purposes, including debt service, maintenance and operation of convention center facilities, and promotion of tourism.
- Tourism Fund – Accounts for room occupancy and other tax revenues to be used for tourism purposes.
- Hall of Fame Tax Fund – Accounts for room occupancy tax and private contribution revenues to be used for the NASCAR Hall of Fame.
- Municipal Services District Fund – Accounts for property tax on property within designated Municipal Services Districts to be used to enhance economic vitality and quality of life within the districts.
- Public Safety and Other Grants Fund – Accounts for federal and state grants to be used for public safety, including police, fire and emergency management, and other governmental-type activities.
- Republican National Convention Fund – Accounts for a federal grant to support the 2020 Republican National Convention.
- American Rescue Fund – Accounts for funds received under the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds to be used for expenditures incurred to address negative economic impact caused by COVID-19 public health emergency.
- Neighborhood Development Fund – Accounts for federal grants to be used for neighborhood activities which develop viable urban communities providing adequate housing and economic opportunities, principally for persons of low and moderate income.
- Employment and Training Fund – Accounts for federal grants to be used for activities providing comprehensive employment and training services to enable individuals to secure and retain employment at their maximum capacity.
- State Street Aid Fund – Accounts for motor fuel taxes distributed by the State on the basis of local street mileage and population to be used for maintenance, repair and construction of streets and highways.
- Emergency Telephone System Fund – Accounts for revenues remitted by the NC 911 Board from service charges imposed on voice communications service connections to be used for the operation and enhancement of the 911 system.

### Permanent Fund

A permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used.

- Perpetual Care Fund – Accounts for monies held by the City for cemetery maintenance.

**FINANCIAL SECTION**

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

**CITY OF CHARLOTTE, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2021  
(Dollar Amounts in Thousands)**

	Special Revenue Funds				
	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Public Safety and Other Grants
<b>Assets:</b>					
Cash, cash equivalents and investments	\$ 48,308	\$ 70,503	\$ 24,623	\$ 799	\$ 6,885
Receivables, net:					
Property taxes	-	-	-	255	-
Accounts	-	20	-	-	-
Other	-	-	-	179	-
<b>Total receivables</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>434</b>	<b>-</b>
Due from other governmental agencies	4,896	1,383	1,074	9	3,897
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted assets - investments	-	-	-	-	-
Notes receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 53,204</b>	<b>\$ 71,906</b>	<b>\$ 25,697</b>	<b>\$ 1,242</b>	<b>\$ 10,782</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 235	\$ -	\$ 805	\$ 845
Deposits and retainage payable	-	25	-	-	8
Due to other funds	-	-	-	181	-
Due to component unit	-	-	898	-	-
Unearned revenues	-	-	-	-	686
<b>Total liabilities</b>	<b>-</b>	<b>260</b>	<b>898</b>	<b>986</b>	<b>1,539</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenues	-	20	-	434	27
<b>Fund balances:</b>					
Nonspendable:					
Perpetual care	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted:					
Public safety	-	-	-	-	7,369
Cultural and recreation	53,204	71,626	24,799	-	-
Community planning and development	-	-	-	(178)	1,113
Streets and highways	-	-	-	-	734
<b>Total fund balances</b>	<b>53,204</b>	<b>71,626</b>	<b>24,799</b>	<b>(178)</b>	<b>9,216</b>
<b>Total liabilities and fund balances</b>	<b>\$ 53,204</b>	<b>\$ 71,906</b>	<b>\$ 25,697</b>	<b>\$ 1,242</b>	<b>\$ 10,782</b>

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

Special Revenue Funds							Permanent Fund	Total Nonmajor Governmental Funds
Republican National Convention	American Rescue Plan Act	Neighborhood Development	Employment and Training	State Street Aid	Emergency Telephone System	Total	Perpetual Care	
\$ -	\$ 11,164	\$ 6,175	\$ -	\$ 5,670	\$ 6,167	\$ 180,294	\$ 3,149	\$ 183,443
-	-	-	-	-	-	255	-	255
-	-	-	-	-	-	20	-	20
-	-	-	-	-	-	179	-	179
-	-	-	-	-	-	454	-	454
160	-	2,042	1,409	733	249	15,852	-	15,852
-	373	-	-	-	-	373	-	373
-	-	-	-	-	82	82	-	82
-	70,810	-	-	-	-	70,810	-	70,810
-	-	27,359	-	-	-	27,359	-	27,359
<b>\$ 160</b>	<b>\$ 82,347</b>	<b>\$ 35,576</b>	<b>\$ 1,409</b>	<b>\$ 6,403</b>	<b>\$ 6,498</b>	<b>\$ 295,224</b>	<b>\$ 3,149</b>	<b>\$ 298,373</b>
\$ -	\$ -	\$ 1,851	\$ 790	\$ 1,759	\$ 157	\$ 6,442	\$ -	\$ 6,442
6	-	114	-	539	-	692	-	692
154	-	-	619	-	-	954	-	954
-	-	-	-	-	-	898	-	898
-	82,346	-	-	-	-	83,032	-	83,032
<b>160</b>	<b>82,346</b>	<b>1,965</b>	<b>1,409</b>	<b>2,298</b>	<b>157</b>	<b>92,018</b>	<b>-</b>	<b>92,018</b>
-	-	52	-	-	-	533	-	533
-	-	-	-	-	-	-	3,149	3,149
-	-	-	-	-	82	82	-	82
-	1	-	-	-	6,259	13,629	-	13,629
-	-	-	-	-	-	149,629	-	149,629
-	-	33,559	-	-	-	34,494	-	34,494
-	-	-	-	4,105	-	4,839	-	4,839
-	1	33,559	-	4,105	6,341	202,673	3,149	205,822
<b>\$ 160</b>	<b>\$ 82,347</b>	<b>\$ 35,576</b>	<b>\$ 1,409</b>	<b>\$ 6,403</b>	<b>\$ 6,498</b>	<b>\$ 295,224</b>	<b>\$ 3,149</b>	<b>\$ 298,373</b>

**FINANCIAL SECTION**

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

**CITY OF CHARLOTTE, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	Special Revenue Funds				
	Convention Center Tax	Tourism	Hall Of Fame Tax	Municipal Services District	Public Safety and Other Grants
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 7,217	\$ -
Other taxes	44,064	9,268	7,889	-	-
Intergovernmental	-	2,948	-	-	10,546
Investment earnings	212	225	61	10	109
Miscellaneous	1,000	1,545	-	-	1,330
<b>Total revenues</b>	<b>45,276</b>	<b>13,986</b>	<b>7,950</b>	<b>7,227</b>	<b>11,985</b>
<b>Expenditures:</b>					
Current-					
Public safety	-	-	-	-	7,197
General administration	-	-	-	-	-
Streets and highways	-	-	-	-	5,289
Culture and recreation	25,541	6,366	2,330	-	-
Community planning and development	-	-	-	7,610	446
<b>Total expenditures</b>	<b>25,541</b>	<b>6,366</b>	<b>2,330</b>	<b>7,610</b>	<b>12,932</b>
Excess (deficiency) of revenues over (under) expenditures	19,735	7,620	5,620	(383)	(947)
<b>Other Financing Sources (Uses):</b>					
Sales of capital assets	-	-	-	-	-
Transfers in-					
General	-	1,290	-	-	393
Debt service	-	321	-	-	-
Capital projects	-	6,717	-	-	-
<b>Total transfers in</b>	<b>-</b>	<b>8,328</b>	<b>-</b>	<b>-</b>	<b>393</b>
Transfers out-					
General	(4,408)	-	-	-	-
Debt service	(26,951)	(21,809)	(9,587)	-	-
Capital projects	-	(5,074)	-	-	-
<b>Total transfers out</b>	<b>(31,359)</b>	<b>(26,883)</b>	<b>(9,587)</b>	<b>-</b>	<b>-</b>
<b>Total other financing sources (uses)</b>	<b>(31,359)</b>	<b>(18,555)</b>	<b>(9,587)</b>	<b>-</b>	<b>393</b>
Net change in fund balances	(11,624)	(10,935)	(3,967)	(383)	(554)
<b>Fund balances - beginning</b>	<b>64,828</b>	<b>82,561</b>	<b>28,766</b>	<b>205</b>	<b>9,770</b>
<b>Fund balances - ending</b>	<b>\$ 53,204</b>	<b>\$ 71,626</b>	<b>\$ 24,799</b>	<b>\$ (178)</b>	<b>\$ 9,216</b>

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

Special Revenue Funds							Permanent Fund	
Republican National Convention	American Rescue Plan Act	Neighborhood Development	Employment and Training	State Street Aid	Emergency Telephone System	Total	Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,217	\$ -	\$ 7,217
-	-	-	-	-	-	61,221	-	61,221
4,545	-	8,295	7,484	13,680	2,832	50,330	-	50,330
-	1	7	-	(22)	65	668	36	704
-	-	3,473	-	-	-	7,348	-	7,348
<b>4,545</b>	<b>1</b>	<b>11,775</b>	<b>7,484</b>	<b>13,658</b>	<b>2,897</b>	<b>126,784</b>	<b>36</b>	<b>126,820</b>
4,545	-	-	-	-	2,782	14,524	-	14,524
-	-	878	716	-	-	1,594	-	1,594
-	-	-	-	18,879	-	24,168	-	24,168
-	-	-	-	-	-	34,237	-	34,237
-	-	9,615	6,768	-	-	24,439	-	24,439
<b>4,545</b>	<b>-</b>	<b>10,493</b>	<b>7,484</b>	<b>18,879</b>	<b>2,782</b>	<b>98,962</b>	<b>-</b>	<b>98,962</b>
-	1	1,282	-	(5,221)	115	27,822	36	27,858
-	-	-	-	369	-	369	-	369
-	-	250	-	-	-	1,933	-	1,933
-	-	-	-	-	-	321	-	321
-	-	810	-	-	-	7,527	-	7,527
-	-	<b>1,060</b>	-	-	-	<b>9,781</b>	-	<b>9,781</b>
-	-	-	-	-	-	(4,408)	(19)	(4,427)
-	-	-	-	-	-	(58,347)	-	(58,347)
-	-	-	-	-	-	(5,074)	-	(5,074)
-	-	-	-	-	-	<b>(67,829)</b>	<b>(19)</b>	<b>(67,848)</b>
-	-	<b>1,060</b>	-	<b>369</b>	-	<b>(57,679)</b>	<b>(19)</b>	<b>(57,698)</b>
-	1	2,342	-	(4,852)	115	(29,857)	17	(29,840)
-	-	<b>31,217</b>	-	<b>8,957</b>	<b>6,226</b>	<b>232,530</b>	<b>3,132</b>	<b>235,662</b>
<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 33,559</b>	<b>\$ -</b>	<b>\$ 4,105</b>	<b>\$ 6,341</b>	<b>\$ 202,673</b>	<b>\$ 3,149</b>	<b>\$ 205,822</b>

**FINANCIAL SECTION**

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

**CITY OF CHARLOTTE, NORTH CAROLINA  
SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	Convention Center Tax			Tourism		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	49,478	44,064	(5,414)	13,624	9,268	(4,356)
Intergovernmental	-	-	-	2,948	2,948	-
Investment earnings	669	212	(457)	976	225	(751)
Miscellaneous	1,000	1,000	-	1,146	1,545	399
<b>Total revenues</b>	<b>51,147</b>	<b>45,276</b>	<b>(5,871)</b>	<b>18,694</b>	<b>13,986</b>	<b>(4,708)</b>
<b>Expenditures:</b>						
Current-						
Streets and highways	-	-	-	-	-	-
Culture and recreation	25,695	25,541	154	6,744	6,672	72
Community planning and development	-	-	-	-	-	-
<b>Total expenditures</b>	<b>25,695</b>	<b>25,541</b>	<b>154</b>	<b>6,744</b>	<b>6,672</b>	<b>72</b>
Excess (deficiency) of revenues over (under) expenditures	25,452	19,735	(5,717)	11,950	7,314	(4,636)
<b>Other Financing Sources (Uses):</b>						
Sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	9,102	8,328	(774)
Transfers out	(31,415)	(31,359)	56	(28,428)	(26,883)	1,545
<b>Total other financing sources (uses)</b>	<b>(31,415)</b>	<b>(31,359)</b>	<b>56</b>	<b>(19,326)</b>	<b>(18,555)</b>	<b>771</b>
Revenues and other sources over (under) expenditures and other uses	\$ (5,963)	(11,624)	\$ (5,661)	\$ (7,376)	(11,241)	\$ (3,865)
<b>Reconciliation to GAAP Basis:</b>						
Current year encumbrances		-			306	
Net change in fund balances		(11,624)			(10,935)	
Fund balances - beginning (annually budgeted funds)		64,828			82,561	
Fund balances - ending (annually budgeted funds)		\$ 53,204			\$ 71,626	
Project funds:						
Fund balances - beginning						
Net change in fund balances						
Fund balances - ending						
Fund balances - ending						

Hall of Fame Tax			Municipal Services District			State Street Aid		
Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
\$ -	\$ -	\$ -	\$ 7,610	\$ 7,217	\$ (393)	\$ -	\$ -	\$ -
12,670	7,889	(4,781)	-	-	-	-	-	-
-	-	-	-	-	-	20,503	13,680	(6,823)
313	61	(252)	-	10	10	62	(22)	(84)
-	-	-	-	-	-	-	-	-
<b>12,983</b>	<b>7,950</b>	<b>(5,033)</b>	<b>7,610</b>	<b>7,227</b>	<b>(383)</b>	<b>20,565</b>	<b>13,658</b>	<b>(6,907)</b>
-	-	-	-	-	-	26,909	20,082	6,827
5,080	2,355	2,725	-	-	-	-	-	-
-	-	-	7,610	7,610	-	-	-	-
<b>5,080</b>	<b>2,355</b>	<b>2,725</b>	<b>7,610</b>	<b>7,610</b>	<b>-</b>	<b>26,909</b>	<b>20,082</b>	<b>6,827</b>
7,903	5,595	(2,308)	-	(383)	(383)	(6,344)	(6,424)	(80)
-	-	-	-	-	-	-	369	369
-	-	-	-	-	-	-	-	-
(10,637)	(9,587)	1,050	-	-	-	-	-	-
<b>(10,637)</b>	<b>(9,587)</b>	<b>1,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>369</b>	<b>369</b>
<u>\$ (2,734)</u>	<u>(3,992)</u>	<u>\$ (1,258)</u>	<u>\$ -</u>	<u>(383)</u>	<u>\$ (383)</u>	<u>\$ (6,344)</u>	<u>(6,055)</u>	<u>\$ 289</u>
	25			-			1,203	
	(3,967)			(383)			(4,852)	
	28,766			205			8,957	
	<u>\$ 24,799</u>			<u>\$ (178)</u>			<u>\$ 4,105</u>	

Continued on next page

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	<u>Total</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>Revenues:</b>			
Property taxes	\$ 7,610	\$ 7,217	\$ (393)
Other taxes	75,772	61,221	(14,551)
Intergovernmental	23,451	16,628	(6,823)
Investment earnings	2,020	486	(1,534)
Miscellaneous	2,146	2,545	399
<b>Total revenues</b>	<b><u>110,999</u></b>	<b><u>88,097</u></b>	<b><u>(22,902)</u></b>
<b>Expenditures:</b>			
Current-			
Streets and highways	26,909	20,082	6,827
Culture and recreation	37,519	34,568	2,951
Community planning and development	7,610	7,610	-
<b>Total expenditures</b>	<b><u>72,038</u></b>	<b><u>62,260</u></b>	<b><u>9,778</u></b>
Excess (deficiency) of revenues over (under) expenditures	38,961	25,837	(13,124)
<b>Other Financing Sources (Uses):</b>			
Sales of capital assets	-	369	369
Transfers in	9,102	8,328	(774)
Transfers out	(70,480)	(67,829)	2,651
<b>Total other financing sources (uses)</b>	<b><u>(61,378)</u></b>	<b><u>(59,132)</u></b>	<b><u>2,246</u></b>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (22,417)</u>	(33,295)	<u>\$ (10,878)</u>
<b>Reconciliation to GAAP Basis:</b>			
Current year encumbrances		1,534	
Net change in fund balances		(31,761)	
Fund balances - beginning (annually budgeted funds)		185,317	
Fund balances - ending (annually budgeted funds)		153,556	
Project funds:			
Fund balances - beginning		43,764	
Net change in fund balances		1,904	
Fund balances - ending		45,668	
Fund balances - ending		<u>\$ 199,224</u>	

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PUBLIC SAFETY AND OTHER GRANTS FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Public safety	\$ 61,817	\$ 4,635	\$ 48,150	\$ 52,785	\$ 9,032
Affordable housing	1,039	94	800	894	145
Neighborhood improvements	2,273	253	1,348	1,601	672
Area plans	32,146	5,280	19,498	24,778	7,368
Non-street transportation infrastructure	166	108	-	108	58
Facility renovations	1,500	434	919	1,353	147
Technology	15,689	425	14,589	15,014	675
Vehicles	124	37	79	116	8
Other equipment	11,982	1,666	9,983	11,649	333
<b>Total public safety grants</b>	<b>\$ 126,736</b>	<b>\$ 12,932</b>	<b>\$ 95,366</b>	<b>\$ 108,298</b>	<b>\$ 18,438</b>

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
REPUBLICAN NATIONAL CONVENTION  
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	<b>Authorizations</b>	<b>Expenditures</b>			<b>Unexpended Authorizations</b>
		<b>Current Year</b>	<b>Prior Years</b>	<b>Total</b>	
Federal: 2020 RNC Grant	\$ 17,257	\$ 4,545	\$ 12,242	\$ 16,787	\$ 470

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**AMERICAN RESCUE PLAN ACT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
American Rescue Plan Act	\$ 70,809	\$ -	\$ -	\$ -	\$ 70,809

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
NEIGHBORHOOD DEVELOPMENT FUND  
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Housing	\$ 4,011	\$ 556	\$ 3,226	\$ 3,782	\$ 229
Affordable housing	115,441	6,582	84,192	90,774	24,667
Housing grants	17,219	2,613	10,682	13,295	3,924
Neighborhood improvements	1,775	261	252	513	1,262
Economic development corridors	18,203	561	12,554	13,115	5,088
<b>Total neighborhood development</b>	<b>\$ 156,649</b>	<b>10,573</b>	<b>\$ 110,906</b>	<b>\$ 121,479</b>	<b>\$ 35,170</b>
Contra expense for issuance of long-term loans receivable		(80)			
		<b>\$ 10,493</b>			

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**EMPLOYMENT AND TRAINING FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Authorizations	Expenditures		Total	Unexpended Authorizations
		Current Year	Prior Years		
Workforce Investment Act	\$ 61,526	\$ 7,484	\$ 50,807	\$ 58,291	\$ 3,235

**FINANCIAL SECTION***Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Implemental functions	\$ 467	\$ 237	\$ 230	\$ 467	\$ -
Phone and furniture	5,967	1,586	953	2,539	3,428
Software	1,902	661	1,040	1,701	201
Hardware	751	272	403	675	76
Training	46	26	20	46	-
<b>Total emergency telephone systems</b>	<b>\$ 9,133</b>	<b>\$ 2,782</b>	<b>\$ 2,646</b>	<b>\$ 5,428</b>	<b>\$ 3,705</b>

**DEBT SERVICE FUND**

The Debt Service fund is used to account for the accumulation of resources and the payment of principal, interest and related costs for all long-term debt other than debt issued for and serviced by business-type activities.

**CAPITAL PROJECTS FUND**

The Capital Projects fund accounts for financial resources, primarily bond proceeds and property taxes, used for the acquisition, construction or improvement of capital assets.

**GENERAL COVID RELIEF FUND**

The General COVID Relief fund accounts for funds received under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Federal Emergency Management Agency (FEMA) Public Assistance Program to be used for expenditures to address the COVID-19 pandemic.

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	Budget	Actual	Variance- Positive (Negative)
<b>Revenues:</b>			
Property tax	\$ 100,741	\$ 100,160	\$ (581)
Other taxes-			
Sales tax	20,596	25,802	5,206
Heavy equipment	-	196	196
<b>Total other taxes</b>	<b>20,596</b>	<b>25,998</b>	<b>5,402</b>
Licenses, fees and fines	59	60	1
Investment earnings	2,188	332	(1,856)
Miscellaneous	3,271	28	(3,243)
<b>Total revenues</b>	<b>126,855</b>	<b>126,578</b>	<b>(277)</b>
<b>Expenditures:</b>			
Bonds-			
Principal retirement	54,414	53,889	525
Interest	32,350	26,518	5,832
Installment purchases-			
Principal retirement	86,380	85,180	1,200
Interest	32,482	32,460	22
Fiscal agents fees	4,439	1,532	2,907
Other	17,323	16,182	1,141
<b>Total expenditures</b>	<b>227,388</b>	<b>215,761</b>	<b>11,627</b>
Revenues (under) expenditures	(100,533)	(89,183)	11,350

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Budget	Actual	Variance- Positive (Negative)
<b>Other Financing Sources (Uses):</b>			
Installment purchases issued	\$ 950	\$ -	\$ (950)
Premium on debt issuance	250	-	(250)
Transfers in-			
General	19,065	19,065	-
Special revenue:			
Convention Center tax	27,006	26,951	(55)
Tourism	15,649	14,154	(1,495)
Cultural facilities	7,706	7,655	(51)
Hall of Fame tax	10,637	9,587	(1,050)
Capital projects	49,663	49,663	-
Total transfers in	<u>129,726</u>	<u>127,075</u>	<u>(2,651)</u>
Transfers out-			
General	123	123	-
Special revenue:			
Tourism	321	321	-
Capital Projects	63,199	63,199	-
Total transfers out	<u>63,643</u>	<u>63,643</u>	<u>-</u>
Total other financing sources (uses)	<u>67,283</u>	<u>63,432</u>	<u>(3,851)</u>
Revenues and other sources (under) expenditures and other uses	<u>\$ (33,250)</u>	<u>(25,751)</u>	<u>\$ 7,499</u>
<b>Reconciliation to GAAP Basis:</b>			
Current year encumbrances		4	
Net change in fund balance		<u>(25,747)</u>	
Fund balance - beginning		209,180	
Fund balance - ending		<u>\$ 183,433</u>	

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
CAPITAL PROJECTS FUND  
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Capital equipment	\$ 42,717	\$ 28,969	\$ -	\$ 28,969	\$ 13,748
Housing	14,601	183	12,618	12,801	1,800
Affordable housing	235,437	9,292	124,503	133,795	101,642
Innovative housing	143,304	9,844	127,420	137,264	6,040
Neighborhood improvements	262,864	17,135	131,844	148,979	113,885
Area plans	12,402	1,085	8,860	9,945	2,457
Street and road infrastructure	681,099	43,673	360,544	404,217	276,882
Non-street transportation infrastructure	255,345	17,839	115,479	133,318	122,027
Traffic control	91,208	6,648	66,509	73,157	18,051
Pedestrian safety	214,147	13,031	156,081	169,112	45,035
Transportation partnerships	11,956	197	10,054	10,251	1,705
Transit corridor development	247,294	23,033	170,444	193,477	53,817
Economic development corridors	93,179	5,970	76,057	82,027	11,152
Business corridors	34,678	1,170	27,313	28,483	6,195
Land acquisition	3,631	-	-	-	3,631
Environmental services program	34,036	1,475	32,840	34,315	(279)
Tree program	38,939	2,958	29,998	32,956	5,983
Capacity for growth sewer	215	-	203	203	12
New facilities	474,564	39,613	334,563	374,176	100,388
Facility renovations	358,802	73,489	244,289	317,778	41,024
Capital facilities maintenance	127,958	6,992	117,211	124,203	3,755
Technology	85,941	6,350	69,737	76,087	9,854
Other equipment	15,571	2,261	6,507	8,768	6,803
<b>Total capital projects</b>	<b>\$ 3,479,888</b>	<b>\$ 311,207</b>	<b>\$ 2,223,074</b>	<b>\$ 2,534,281</b>	<b>\$ 945,607</b>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**GENERAL COVID RELIEF FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
CARES Act:					
Coronavirus relief fund	\$ 156,542	\$ 136,271	\$ 18,315	\$ 154,586	\$ 1,956
Community development block grant	35,149	21,138	57	21,195	13,954
Emergency shelter	8,632	1,496	99	1,595	7,037
Housing for persons with AIDS	416	81	-	81	335
FEMA public assistance	9,000	4,187	3,500	7,687	1,313
<b>Total general COVID relief fund</b>	<b>\$ 209,739</b>	<b>\$ 163,173</b>	<b>\$ 21,971</b>	<b>\$ 185,144</b>	<b>\$ 24,595</b>

**ENTERPRISE FUNDS**

Enterprise funds are used to account for operations that charge a fee for service to customers similar to private business enterprises. The City has four enterprise operations.

- Water and Sewer Fund – Accounts for the operation of Charlotte Water, provider of water and wastewater services.
- Storm Water Fund – Accounts for the operation of Charlotte Storm Water Services, administrator of storm water programs and policies.
- Airport Fund – Accounts for the operation of the Charlotte Douglas International Airport.
- Public Transit Fund – Accounts for the operation of Charlotte Area Transit System, provider of community-wide public transportation services.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**WATER AND SEWER OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Budget	Actual	Variance- Positive (Negative)
<b>Revenues:</b>			
Volumetric rates	\$ 329,168	\$ 313,614	\$ (15,554)
Fixed rates	77,461	79,900	2,439
System development fees	23,000	38,890	15,890
Other	28,389	27,906	(483)
Investment earnings	3,478	(2,071)	(5,549)
<b>Total revenues</b>	<b>461,496</b>	<b>458,239</b>	<b>(3,257)</b>
<b>Expenditures:</b>			
Water supply and treatment	17,657	17,196	461
Sewer system and treatment	53,097	51,179	1,918
Administration and engineering	43,443	39,977	3,466
Other operating	74,548	73,434	1,114
<b>Total expenditures</b>	<b>188,745</b>	<b>181,786</b>	<b>6,959</b>
Revenues over expenditures	272,751	276,453	3,702
<b>Transfers Out:</b>			
Water and Sewer Debt Service	146,542	144,606	1,936
Water and Sewer Capital Projects	140,250	140,250	-
Capital Projects	345	345	-
<b>Total transfers out</b>	<b>287,137</b>	<b>285,201</b>	<b>1,936</b>
Revenues (under) expenditures and transfers	\$ (14,386)	\$ (8,748)	\$ 5,638

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
 WATER AND SEWER DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-  
 BUDGET AND ACTUAL (NON-GAAP BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Dollar Amounts in Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 14	\$ 14
Refunding bonds issued	333,445	333,445	-
Premium on debt issuance	65,259	65,209	(50)
<b>Total revenues</b>	<b>398,704</b>	<b>398,668</b>	<b>(36)</b>
<b>Expenditures:</b>			
Bonds-			
Principal retirement	176,763	178,034	(1,271)
Interest	65,302	57,784	7,518
Other financing agreements-			
Principal retirement	8,121	6,880	1,241
Interest	1,787	672	1,115
Payment to refunded bond escrow agent	297,055	297,055	-
Bond issue expense	1,678	1,678	-
Other	813	647	166
<b>Total expenditures</b>	<b>551,519</b>	<b>542,750</b>	<b>8,769</b>
Revenues (under) expenditures	(152,815)	(144,082)	8,733
<b>Transfers In:</b>			
Water and Sewer Operating	146,542	144,606	(1,936)
Water and Sewer Capital Projects	301	301	-
<b>Total transfers in</b>	<b>146,843</b>	<b>144,907</b>	<b>(1,936)</b>
Revenues and transfers (under) expenditures	\$ (5,972)	\$ 825	\$ 6,797

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**WATER AND SEWER FUND**  
**SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)**  
**TO FULL ACCRUAL BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

Revenues and transfers over (under) expenditures and transfers:		
Operating Fund	\$	(8,748)
Debt Service Fund		825
Capital Projects Fund investment earnings		924
Current year encumbrances		9,247
Deferred outflows of resources for pensions		3,463
Net pension liability		(7,549)
Deferred inflows of resources for pensions		2
Deferred outflows of resources for OPEB		(3,881)
Net OPEB asset		46,575
Deferred inflows of resources for OPEB		(10,261)
Bond proceeds		(333,445)
Depreciation		(144,204)
Debt principal retirement		481,969
Premium on debt issuance		(65,209)
Capital outlay		135
Amortization of deferred charges		(1,614)
Amortization of premium		26,707
Deferred inflows of gains on refundings		(14,173)
Capital contributions		161,958
Other		(7,760)
Net transfers to (from) Water and Sewer Capital Projects Fund:		
Water and Sewer Operating		140,250
Water and Sewer Debt Service		(301)
Compensated absences		(349)
Change in net position	\$	<u>274,561</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS FUND  
 SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Dollar Amounts in Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Water:					
Capacity for growth	\$ 499,357	\$ 44,741	\$ 338,307	\$ 383,048	\$ 116,309
Commitment public projects/operations	165,720	10,183	126,023	136,206	29,514
Rehab and replacement	474,764	39,981	366,544	406,525	68,239
Regulatory requirements	46,117	552	39,497	40,049	6,068
Sewer:					
Capacity for growth	1,127,876	177,474	693,262	870,736	257,140
Commitment public projects/operations	121,873	4,318	101,927	106,245	15,628
Rehab and replacement	1,006,729	73,163	799,993	873,156	133,573
Regulatory requirements	193,595	39,830	118,231	158,061	35,534
New facilities	41,574	2,677	3,082	5,759	35,815
Facility renovations	4,597	303	1,566	1,869	2,728
Facilities maintenance	2,904	303	1,610	1,913	991
Technology	63,723	4,756	46,666	51,422	12,301
Capital equipment	45,603	6,936	34,728	41,664	3,939
<b>Total water and sewer capital projects</b>	<b>\$ 3,794,432</b>	<b>\$ 405,217</b>	<b>\$ 2,671,436</b>	<b>\$ 3,076,653</b>	<b>\$ 717,779</b>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STORM WATER OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Budget	Actual	Variance- Positive (Negative)
<b>Revenues:</b>			
Storm water fees	\$ 72,475	\$ 74,317	\$ 1,842
Other	-	152	152
Investment earnings	-	(1,119)	(1,119)
<b>Total revenues</b>	<b>72,475</b>	<b>73,350</b>	<b>875</b>
<b>Expenditures:</b>			
Storm water systems	13,345	12,144	1,201
Administration	2,571	2,571	-
<b>Total expenditures</b>	<b>15,916</b>	<b>14,715</b>	<b>1,201</b>
Revenues over expenditures	56,559	58,635	2,076
<b>Transfers Out:</b>			
Storm Water Debt Service	14,208	14,492	(284)
Storm Water Capital Projects	55,000	55,000	-
Capital Projects	54	54	-
<b>Total transfers out</b>	<b>69,262</b>	<b>69,546</b>	<b>(284)</b>
Revenues (under) expenditures and transfers	\$ (12,703)	\$ (10,911)	\$ 1,792

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
STORM WATER DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	Budget	Actual	Variance- Positive (Negative)
<b>Revenues:</b>			
Premium on debt issuance	\$ 10,966	\$ 10,966	\$ -
Proceeds from refunding	104,705	104,705	-
<b>Total revenues</b>	<b>115,671</b>	<b>115,671</b>	<b>-</b>
<b>Expenditures:</b>			
Bonds-			
Principal retirement	121,798	121,798	-
Interest	7,878	7,878	-
Bond issue expense	671	668	3
Other	30	17	13
<b>Total expenditures</b>	<b>130,377</b>	<b>130,361</b>	<b>16</b>
Revenues (under) expenditures	(14,706)	(14,690)	16
<b>Transfers In:</b>			
Storm Water Operating	14,208	14,492	284
<b>Total transfers in</b>	<b>14,208</b>	<b>14,492</b>	<b>284</b>
Revenues and transfers (under) expenditures	\$ (498)	\$ (198)	\$ 300

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STORM WATER FUND**  
**SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)**  
**TO FULL ACCRUAL BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

Revenues and transfers (under) expenditures and transfers:		
Operating Fund	\$	(10,911)
Debt Service Fund		(198)
Capital Projects Fund:		
Charges for services		7,726
Investment earnings		846
Current year encumbrances		994
Deferred outflows of resources for pensions		929
Net pension liability		(1,910)
Deferred outflows of resources for OPEB		(254)
Net OPEB liability		2,744
Deferred inflows of resources for OPEB		(2,087)
Depreciation		(15,101)
Bond proceeds		(104,705)
Debt principal retirement		121,798
Premium on debt issuance		(10,966)
Amortization of deferred charges		(174)
Amortization of premium		2,770
Deferred inflows of gain on refundings		(1,328)
Other		(4,695)
Net transfers to (from) Storm Water Capital Projects Fund:		
Operating Fund		55,000
Compensated absences		(316)
Change in net position	\$	<u>40,162</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
 STORM WATER CAPITAL PROJECTS FUND  
 SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Dollar Amounts in Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Flood control program	\$ 479,550	\$ 53,453	\$ 346,239	\$ 399,692	\$ 79,858
Storm water maintenance program	301,001	44,626	238,815	283,441	17,560
Stream restoration/mitigation	111,781	2,370	80,625	82,995	28,786
Storm water support for projects	55,721	849	45,963	46,812	8,909
Transit corridor development	2,376	-	2,363	2,363	13
<b>Total storm water capital projects</b>	<b>\$ 950,429</b>	<b>\$ 101,298</b>	<b>\$ 714,005</b>	<b>\$ 815,303</b>	<b>\$ 135,126</b>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**AIRPORT OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Budget	Actual	Variance- Positive (Negative)
<b>Revenues:</b>			
Terminal area	\$ 65,224	\$ 46,657	\$ (18,567)
Airfield	31,103	23,078	(8,025)
Concessions	40,454	34,050	(6,404)
Rental car revenues	13,118	9,319	(3,799)
Parking	46,516	27,203	(19,313)
Passenger facility charges	53,862	45,961	(7,901)
Contract facility charges	10,987	7,160	(3,827)
Fixed base operator (FBO)	18,623	18,593	(30)
Other	10,366	12,719	2,353
Grant contributions	32,674	122,649	89,975
Investment earnings	613	(3,017)	(3,630)
<b>Total revenues</b>	<b>323,540</b>	<b>344,372</b>	<b>20,832</b>
<b>Expenditures:</b>			
Operating	195,992	174,662	21,330
Nonoperating	50,380	19,122	31,258
<b>Total expenditures</b>	<b>246,372</b>	<b>193,784</b>	<b>52,588</b>
Revenues over expenditures	77,168	150,588	73,420
<b>Transfers In:</b>			
Airport Debt Service	682	682	-
Airport Capital Projects	55,751	55,751	-
<b>Total transfers in</b>	<b>56,433</b>	<b>56,433</b>	<b>-</b>
<b>Transfers Out:</b>			
Airport Debt Service	157,450	154,705	2,745
Airport Capital Projects	46,367	46,367	-
Capital Projects	202	202	-
<b>Total transfers out</b>	<b>204,019</b>	<b>201,274</b>	<b>2,745</b>
Revenues and transfers over (under) expenditures and transfers	<u>\$ (70,418)</u>	<u>\$ 5,747</u>	<u>\$ 76,165</u>

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
AIRPORT DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	Budget	Actual	Variance- Positive (Negative)
<b>Revenues:</b>			
Premium on debt issuance	\$ 85,066	\$ 85,066	\$ -
Revenue bond anticipation notes issued	-	592	592
Proceeds from refunding	325,631	325,631	-
Investment earnings	-	(109)	(109)
<b>Total revenues</b>	<b>410,697</b>	<b>411,180</b>	<b>483</b>
<b>Expenditures:</b>			
Bonds-			
Principal retirement	266,111	264,386	1,725
Interest	45,460	42,522	2,938
Payment to refunded bond escrow agent	221,200	221,200	-
Bond issue expense	2,842	2,751	91
Other	206	83	123
<b>Total expenditures</b>	<b>535,819</b>	<b>530,942</b>	<b>4,877</b>
Revenues (under) expenditures	(125,122)	(119,762)	5,360
<b>Transfers In:</b>			
Airport Operating	157,450	154,706	(2,744)
<b>Total transfers in</b>	<b>157,450</b>	<b>154,706</b>	<b>(2,744)</b>
<b>Transfers Out:</b>			
Airport Operating	682	682	-
Airport Capital Projects	3,759	3,759	-
<b>Total transfers out</b>	<b>4,441</b>	<b>4,441</b>	<b>-</b>
Revenues and transfers (under) expenditures and transfers	\$ 27,887	\$ 30,503	\$ 2,616

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**AIRPORT FUND**  
**SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)**  
**TO FULL ACCRUAL BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

Revenues and transfers over expenditures and transfers:		
Operating Fund	\$	5,747
Debt Service Fund		30,503
Capital Projects Fund investment earnings		2,073
Current year encumbrances		13,446
Deferred outflows of resources for pensions		2,821
Net pension liability		(6,010)
Deferred inflows of resources for pensions		1
Deferred outflows of resources for OPEB		(942)
Net OPEB asset		15,236
Deferred inflows of resources for OPEB		(5,452)
Bond Proceeds		(326,223)
Depreciation		(83,930)
Debt principal retirement		485,586
Premium on debt issuance		(85,066)
Capital outlay		686
Amortization of deferred charges		(73)
Amortization of premium		9,925
Deferred inflows of gain on refundings		(4,367)
Capital contributions		29,542
Other		4,656
Net transfers to (from) Airport Capital Projects Fund:		
Airport Operating		(9,384)
Airport Debt Service		3,758
Compensated absences		12
Change in net position	\$	<u>82,545</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
 AIRPORT CAPITAL PROJECTS FUND  
 SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Dollar Amounts in Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Airfield projects	\$ 466,928	\$ 57,650	\$ 328,899	\$ 386,549	\$ 80,379
Cargo development projects	9,819	-	9,440	9,440	379
General aviation projects	2,708	-	2,688	2,688	20
Terminal building	934,959	146,519	528,669	675,188	259,771
Ground transportation	395,608	11,703	368,291	379,994	15,614
Fueling facilities	32,242	5,965	18,430	24,395	7,847
Airport service fees (ASF)	184,553	15,324	85,882	101,206	83,347
Land acquisition - non-airfield	193,093	4,886	161,034	165,920	27,173
Included miscellaneous	60,415	209	13,846	14,055	46,360
Excluded miscellaneous	21,988	1,045	19,119	20,164	1,824
Fixed base operator (FBO)	23,427	114	17,528	17,642	5,785
Technology	21,508	440	18,449	18,889	2,619
<b>Total airport capital projects</b>	<b>\$ 2,347,248</b>	<b>\$ 243,855</b>	<b>\$ 1,572,275</b>	<b>\$ 1,816,130</b>	<b>\$ 531,118</b>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PUBLIC TRANSIT OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Budget	Actual	Variance- Positive (Negative)
<b>Revenues:</b>			
Passenger fares	\$ 18,064	\$ 11,410	\$ (6,654)
Sales tax	105,980	116,669	10,689
Intergovernmental	41,689	36,736	(4,953)
Other	4,368	803	(3,565)
Investment earnings	1,464	(2,232)	(3,696)
<b>Total revenues</b>	<b>171,565</b>	<b>163,386</b>	<b>(8,179)</b>
<b>Expenditures:</b>			
Operations and maintenance	156,773	144,177	12,596
Administration	24,766	18,527	6,239
<b>Total expenditures</b>	<b>181,539</b>	<b>162,704</b>	<b>18,835</b>
Revenues over expenditures	(9,974)	682	10,656
<b>Transfers In:</b>			
Public Transit Capital Projects	-	2,288	2,288
Capital Projects	26,399	26,399	-
<b>Total transfers in</b>	<b>26,399</b>	<b>28,687</b>	<b>2,288</b>
<b>Transfers Out:</b>			
Public Transit Capital Projects	-	2,288	(2,288)
Public Transit Debt Service	17,755	28,444	(10,689)
Capital Projects	51	51	-
<b>Total transfers out</b>	<b>17,806</b>	<b>30,783</b>	<b>(12,977)</b>
Revenues and transfers (under) expenditures and transfers	<u>\$ (1,381)</u>	<u>\$ (1,414)</u>	<u>\$ (33)</u>

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
PUBLIC TRANSIT DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>Revenues:</b>			
Grant contributions	\$ 5,509	\$ 5,509	\$ -
Investment earnings	35	501	466
<b>Total revenues</b>	<b>5,544</b>	<b>6,010</b>	<b>466</b>
<b>Expenditures:</b>			
Installment purchases-			
Principal retirement	91,346	91,346	-
Interest	13,330	13,330	-
Other	47	47	-
<b>Total expenditures</b>	<b>104,723</b>	<b>104,723</b>	<b>-</b>
Revenues (under) expenditures	(99,179)	(98,713)	466
<b>Transfers In:</b>			
Public Transit Operating	17,755	28,444	10,689
Public Transit Capital Projects	81,810	81,810	-
<b>Total transfers in</b>	<b>99,565</b>	<b>110,254</b>	<b>10,689</b>
<b>Transfers Out:</b>			
Public Transit Capital Projects	32,511	5,822	26,689
<b>Total transfers out</b>	<b>32,511</b>	<b>5,822</b>	<b>26,689</b>
Revenues and transfers over (under) expenditures and transfers	\$ (32,125)	\$ 5,719	\$ 37,844

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PUBLIC TRANSIT FUND**  
**SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)**  
**TO FULL ACCRUAL BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

Revenues and transfers over (under) expenditures and transfers:		
Operating Fund	\$	(1,414)
Debt Service Fund		5,719
Capital Projects Fund investment earnings		954
Current year encumbrances		1,356
Deferred outflows of resources for pensions		1,535
Net pension liability		(3,487)
Deferred inflows of resources for pensions		1
Deferred outflows of resources for OPEB		(891)
Net OPEB asset		7,544
Deferred inflows of resources for OPEB		(3,844)
Depreciation		(89,683)
Debt principal retirement		91,346
Amortization of premium		1,456
Deferred inflows of gain on refundings		(557)
Capital contributions		11,111
Other		238
Net transfers to (from) Public Transit Capital Projects Fund:		
Public Transit Debt Service		(75,988)
Capital Projects		(289)
Compensated absences		(350)
Change in net position	\$	<u>(55,243)</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
PUBLIC TRANSIT CAPITAL PROJECTS FUND  
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Public transit corridor development	\$ 1,804,300	\$ 8,217	\$ 1,626,864	\$ 1,635,081	\$ 169,219
Public transit vehicles	261,377	7,932	204,260	212,192	49,185
Public transit facilities	121,320	115	115,852	115,967	5,353
Public transit maintenance & equipment	50,564	(125)	42,892	42,767	7,797
Public transit support	26,252	469	14,991	15,460	10,792
CARES Act Urbanized Area Grant	4,427	967	-	967	3,460
<b>Total public transit capital projects</b>	<b>\$ 2,268,240</b>	<b>\$ 17,575</b>	<b>\$ 2,004,859</b>	<b>\$ 2,022,434</b>	<b>\$ 245,806</b>

**INTERNAL SERVICE FUNDS**

Internal service funds are used to account for centralized services provided to City departments and other governmental units and agencies on a cost-reimbursement basis.

- Risk Management Fund – Accounts for the general insurance program, claim and loss control services for the City as well as services provided, on a cost-reimbursement basis to other governmental units and agencies in Mecklenburg County.
- Employee Health and Life Fund – Accounts for funds contributed by the City and employees for health and life benefits.

## FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2021**  
**(Dollar Amounts in Thousands)**

	Risk Management	Employee Health and Life	Total
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 82,734	\$ 45,935	\$ 128,669
Receivables - other	241	72	313
Due from other governmental agencies	13	1	14
Due from other funds	-	350	350
Prepaid items	-	652	652
<b>Total current assets</b>	<b>82,988</b>	<b>47,010</b>	<b>129,998</b>
Capital assets:			
Machinery and equipment	165	-	165
Less accumulated depreciation	158	-	158
<b>Total capital assets, net</b>	<b>7</b>	<b>-</b>	<b>7</b>
<b>Total assets</b>	<b>82,995</b>	<b>47,010</b>	<b>130,005</b>
<b>Deferred Outflows Of Resources:</b>			
Pension deferrals	291	-	291
OPEB deferrals	192	-	192
Contributions to pension plan in current fiscal year	172	-	172
<b>Total deferred outflows of resources</b>	<b>655</b>	<b>-</b>	<b>655</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	597	1,187	1,784
Claims payable	54,383	12,399	66,782
Current maturities of noncurrent liabilities	57	-	57
<b>Total current liabilities</b>	<b>55,037</b>	<b>13,586</b>	<b>68,623</b>
Noncurrent liabilities:			
Due to participants	14,997	-	14,997
Compensated absences payable	169	-	169
Net pension liability	810	-	810
Net OPEB liability	596	-	596
<b>Total noncurrent liabilities</b>	<b>16,572</b>	<b>-</b>	<b>16,572</b>
<b>Total liabilities</b>	<b>71,609</b>	<b>13,586</b>	<b>85,195</b>
<b>Deferred Inflows Of Resources:</b>			
OPEB deferrals	665	-	665
<b>Total deferred inflows of resources</b>	<b>665</b>	<b>-</b>	<b>665</b>
<b>Net Position:</b>			
Net investment in capital assets	7	-	7
Unrestricted	11,369	33,424	44,793
<b>Total net position</b>	<b>\$ 11,376</b>	<b>\$ 33,424</b>	<b>\$ 44,800</b>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Risk Management	Employee Health and Life	Total
<b>Operating Revenues:</b>			
Charges for services-			
Risk management and safety fees	\$ 3,661	\$ 13,944	\$ 17,605
Claims:			
Employer	13,495	47,644	61,139
Employee	-	6,754	6,754
Other	-	28	28
<b>Total claims</b>	<b>13,495</b>	<b>54,426</b>	<b>67,921</b>
Premiums	9,281	22,920	32,201
Reimbursement from trust	-	20,415	20,415
<b>Total operating revenues</b>	<b>26,437</b>	<b>111,705</b>	<b>138,142</b>
<b>Operating Expenses:</b>			
Administration	3,978	15,388	19,366
Claims	18,458	90,674	109,132
Insurance premiums	9,615	22,920	32,535
Depreciation	3	-	3
<b>Total operating expenses</b>	<b>32,054</b>	<b>128,982</b>	<b>161,036</b>
Operating income (loss)	(5,617)	(17,277)	(22,894)
<b>Nonoperating Revenues:</b>			
Investment earnings	(260)	218	(42)
Transfers Out	(42)	-	(42)
Change in net position	(5,919)	(17,059)	(22,978)
<b>Total net position - beginning</b>	<b>17,295</b>	<b>50,483</b>	<b>67,778</b>
<b>Total net position - ending</b>	<b>\$ 11,376</b>	<b>\$ 33,424</b>	<b>\$ 44,800</b>

## FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	Risk Management	Employee Health and Life	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from participants	\$ 16,975	\$ 29,674	\$ 46,649
Payments to suppliers	(2,674)	(15,407)	(18,081)
Internal activity - receipts from other funds	24,838	61,464	86,302
Receipts from trust	-	20,415	20,415
Payments to employees	(1,488)	-	(1,488)
Payments for claims	(19,384)	(88,738)	(108,122)
Payments for premiums	(14,756)	(23,436)	(38,192)
Other receipts (payments)	-	28	28
<b>Net cash provided (used) by operating activities</b>	<b>3,511</b>	<b>(16,000)</b>	<b>(12,489)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>			
Transfers	(42)	-	(42)
<b>Cash Flows From Investing Activities:</b>			
Interest received	255	449	704
Net increase (decrease) in cash and cash equivalents	3,724	(15,551)	(11,827)
<b>Cash, cash equivalents and investments - beginning of year</b>	<b>79,010</b>	<b>61,486</b>	<b>140,496</b>
<b>Cash, cash equivalents and investments - end of year</b>	<b>\$ 82,734</b>	<b>\$ 45,935</b>	<b>\$ 128,669</b>
<b>Reconciliation Of Operating Income (Loss) To Net</b>			
<b>Cash Provided (Used) By Operating Activities:</b>			
Operating (loss)	\$ (5,617)	\$ (17,277)	\$ (22,894)
Adjustments to reconcile operating income (loss) to net cash provided by (used) operating activities-			
Depreciation	3	-	3
Change in assets and liabilities:			
(Increase) in receivables	(78)	-	(78)
Decrease in due from other governments	3,988	1	3,989
(Increase) in due from other funds	-	(124)	(124)
(Increase) decrease in prepaid items	19	(644)	(625)
(Increase) in deferred outflows of resources for pensions	(73)	-	(73)
Decrease in deferred outflows of resources for OPEB	72	-	72
Increase in accounts payable	144	108	252
Increase in claims payable	6,591	1,936	8,527
(Decrease) in due to participants	(1,598)	-	(1,598)
Increase in compensated absences payable	39	-	39
Increase in net pension liability	171	-	171
(Decrease) in net OPEB liability	(618)	-	(618)
Increase in deferred inflows of resources for OPEB	468	-	468
<b>Total adjustments</b>	<b>9,128</b>	<b>1,277</b>	<b>10,405</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 3,511</b>	<b>\$ (16,000)</b>	<b>\$ (12,489)</b>

**FIDUCIARY FUNDS**

These funds account for (a) resources accumulated for the provision of benefit payments to the Charlotte Firefighters' Retirement System members and their beneficiaries, and (b) resources accumulated for the provisions of other postemployment benefit payments for retirees and their beneficiaries.

**FINANCIAL SECTION**

*Required Supplementary Information, Combining And Individual Fund Statements and Schedules*

**CITY OF CHARLOTTE, NORTH CAROLINA  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2021  
(Dollar Amounts in Thousands)**

	<b>Firefighters' Retirement Pension Trust</b>	<b>Employee Benefit- Other Employee Benefit Trust</b>	<b>Total</b>
<b>Assets:</b>			
Cash, cash equivalents and investments	\$ 6,372	\$ 531	\$ 6,903
Receivables:			
Employer contributions	438	-	438
Member contributions	346	-	346
Interest and dividends	490	6	496
<b>Total receivables</b>	<b>1,274</b>	<b>6</b>	<b>1,280</b>
Prepaid items	17	-	17
Investments:			
Equity securities - stocks	87,509	-	87,509
Fixed income securities - bonds	124,036	-	124,036
Mutual funds	457,622	161,242	618,864
<b>Total investments</b>	<b>669,167</b>	<b>161,242</b>	<b>830,409</b>
Capital assets	670	-	670
Less accumulated depreciation	468	-	468
<b>Total capital assets, net</b>	<b>202</b>	<b>-</b>	<b>202</b>
<b>Total assets</b>	<b>677,032</b>	<b>161,779</b>	<b>838,811</b>
<b>Liabilities:</b>			
Accounts payable	702	31	733
<b>Net Position:</b>			
Restricted for pensions	\$ 676,330		676,330
Restricted for OPEB		\$ 161,748	161,748
			<b>\$ 838,078</b>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts in Thousands)**

	<b>Firefighters' Retirement Pension Trust</b>	<b>Employee Benefit- Other Employee Benefit Trust</b>	<b>Total</b>
<b>Additions:</b>			
Contributions-			
Member	\$ 11,910	\$ -	\$ 11,910
Employer	12,768	44,303	57,071
<b>Total contributions</b>	<b>24,678</b>	<b>44,303</b>	<b>68,981</b>
Investment income -			
Net appreciation in fair value of investments	132,578	26,658	159,236
Interest	2,351	330	2,681
Dividends	2,746	-	2,746
<b>Total investment income</b>	<b>137,675</b>	<b>26,988</b>	<b>164,663</b>
Investment expense	2,976	330	3,306
Net investment income	134,699	26,658	161,357
<b>Total additions</b>	<b>159,377</b>	<b>70,961</b>	<b>230,338</b>
<b>Deductions:</b>			
Benefits	39,878	1,114	40,992
Refunds	531	-	531
Insurance premiums	-	7,704	7,704
Administration	612	1,444	2,056
Depreciation	66	-	66
<b>Total deductions</b>	<b>41,087</b>	<b>10,262</b>	<b>51,349</b>
Change in net position	118,290	60,699	178,989
<b>Net position - beginning</b>	<b>558,040</b>	<b>101,049</b>	<b>659,089</b>
<b>Net position - ending</b>	<b>\$ 676,330</b>	<b>\$ 161,748</b>	<b>\$ 838,078</b>





# Statistical Section

Annual Comprehensive Financial Report 2021



## STATISTICAL SECTION

This part of the City of Charlotte’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Financial Trends . . . . .	157
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time	
Revenue Capacity . . . . .	163
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax	
Debt Capacity . . . . .	168
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future	
Demographic and Economic Information . . . . .	176
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place	
Operating Information . . . . .	178
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



THIS PAGE INTENTIONALLY LEFT BLANK



## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts In Thousands)**  
**(accrual basis of accounting)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Net investment in capital assets	\$ 4,655,357	\$ 4,666,993	\$ 4,668,843	\$ 4,655,202	\$ 4,563,879	\$ 4,690,751	\$ 4,814,247	\$ 5,057,912	\$ 5,117,695	\$ 5,223,083
Restricted	221,832	248,404	252,385	349,992	356,435	324,070	324,406	327,369	306,143	292,947
Unrestricted <sup>(3)</sup>	421,933	447,428	496,553	351,862	428,719	345,073	(165,257)	(209,226)	(214,378)	(370,045)
<b>Total governmental activities net position</b>	<b>5,299,122</b>	<b>5,362,825</b>	<b>5,417,781</b>	<b>5,357,056</b>	<b>5,349,033</b>	<b>5,359,894</b>	<b>4,973,396</b>	<b>5,176,055</b>	<b>5,209,460</b>	<b>5,145,985</b>
<b>Business-type activities</b>										
Net investment in capital assets <sup>(1)</sup>	2,543,085	2,794,170	3,077,745	3,380,700	3,676,609	3,924,620	4,153,959	4,514,469	4,726,781	5,234,775
Restricted <sup>(2)</sup>	316,914	356,516	391,966	430,577	443,384	345,499	364,684	383,929	388,227	416,684
Unrestricted	792,697	755,548	740,933	848,115	957,704	1,389,110	1,380,816	1,319,590	1,328,048	1,125,787
<b>Total business-type activities net position</b>	<b>3,652,696</b>	<b>3,906,234</b>	<b>4,210,644</b>	<b>4,659,392</b>	<b>5,077,697</b>	<b>5,659,229</b>	<b>5,899,459</b>	<b>6,217,988</b>	<b>6,443,056</b>	<b>6,777,246</b>
<b>Primary government</b>										
Net investment in capital assets	7,198,442	7,461,163	7,746,588	8,035,902	8,240,488	8,615,371	8,968,206	9,572,381	9,844,476	10,457,858
Restricted	538,746	604,920	644,351	780,569	799,819	669,569	689,090	711,298	694,370	709,631
Unrestricted	1,214,630	1,202,976	1,237,486	1,199,977	1,386,423	1,734,183	1,215,559	1,110,364	1,113,670	755,742
<b>Total primary government net position</b>	<b>\$ 8,951,818</b>	<b>\$ 9,269,059</b>	<b>\$ 9,628,425</b>	<b>\$ 10,016,448</b>	<b>\$ 10,426,730</b>	<b>\$ 11,019,123</b>	<b>\$ 10,872,855</b>	<b>\$ 11,394,043</b>	<b>\$ 11,652,516</b>	<b>\$ 11,923,231</b>

<sup>(1)</sup> 2012 through 2013 have been restated for the effects of a prior period adjustment.

<sup>(2)</sup> 2017 reflects use of passenger facility charges for Airport projects.

<sup>(3)</sup> 2018 reflects the City's implementation of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions.

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts In Thousands)**  
**(accrual basis of accounting)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities:										
Public safety <sup>(1)</sup>	\$ 347,380	\$ 372,986	\$ 348,428	\$ 350,556	\$ 374,328	\$ 432,355	\$ 450,771	\$ 439,381	\$ 542,109	\$ 591,536
Sanitation	47,925	49,572	52,871	53,912	55,717	59,011	63,956	66,888	73,879	78,589
General administration	45,030	45,273	47,158	49,897	58,256	44,998	53,366	56,604	70,743	81,680
Support services	35,427	25,599	28,820	30,398	31,210	36,894	41,625	34,573	51,432	55,722
Engineering and property management	24,876	31,637	25,769	26,331	52,044	38,831	52,342	44,253	49,469	54,293
Streets and highways <sup>(4)</sup>	114,400	122,168	125,518	159,892	174,912	48,548	51,839	21,958	63,178	96,805
Culture and recreation	17,856	28,744	32,826	43,617	45,158	44,830	56,956	43,902	51,642	59,311
Community planning and development	73,513	68,789	67,154	88,651	75,889	71,844	82,197	81,270	88,837	193,394
Business-type grant related	-	-	-	-	-	-	-	-	931	842
Interest and other charges	56,080	56,373	54,329	55,000	57,498	53,220	50,059	51,559	58,439	48,443
<b>Total governmental activities expenses</b>	<b>762,487</b>	<b>801,141</b>	<b>782,873</b>	<b>858,254</b>	<b>925,012</b>	<b>830,531</b>	<b>903,111</b>	<b>840,388</b>	<b>1,050,659</b>	<b>1,260,615</b>
Business-type activities:										
Water	116,628	103,934	104,925	136,759	143,992	142,697	148,429	157,345	180,167	170,468
Sewer	132,824	144,972	149,865	160,104	163,565	165,039	175,447	183,496	188,000	178,774
Storm water <sup>(3)</sup>	20,766	22,117	19,934	21,374	16,614	17,517	24,664	25,448	29,578	37,433
Airport <sup>(6)</sup>	170,298	172,091	185,178	189,466	205,860	234,432	261,333	289,791	311,166	299,652
Public transit <sup>(6)</sup>	160,655	168,183	162,511	167,482	173,243	177,312	219,192	263,871	266,955	265,234
<b>Total business-type activities expenses</b>	<b>601,171</b>	<b>611,297</b>	<b>622,413</b>	<b>675,185</b>	<b>703,274</b>	<b>736,997</b>	<b>829,065</b>	<b>919,951</b>	<b>975,866</b>	<b>951,561</b>
<b>Total primary government expenses</b>	<b>\$ 1,363,658</b>	<b>\$ 1,412,438</b>	<b>\$ 1,405,286</b>	<b>\$ 1,533,439</b>	<b>\$ 1,628,286</b>	<b>\$ 1,567,528</b>	<b>\$ 1,732,176</b>	<b>\$ 1,760,339</b>	<b>\$ 2,026,525</b>	<b>\$ 2,212,176</b>
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services:										
Public safety	\$ 23,761	\$ 28,281	\$ 28,452	\$ 29,474	\$ 38,772	\$ 40,271	\$ 43,696	\$ 42,804	\$ 44,960	\$ 42,619
Sanitation	12,336	12,341	13,084	12,491	8,824	11,156	13,773	16,247	20,937	24,756
General administration	16,851	15,779	17,418	3,162	2,913	2,033	2,156	2,154	2,020	3,699
Community planning and development	3,290	7,162	3,437	5,171	4,859	3,767	5,389	8,016	9,158	9,906
Other activities	37,684	34,446	33,829	54,833	59,761	60,216	60,022	57,452	56,480	60,435
Operating grants and contributions <sup>(1)</sup>	78,593	97,294	50,978	33,471	51,192	50,295	56,547	58,886	72,757	219,883
Capital grants and contributions	121,645	14,469	22,629	53,241	20,810	19,304	20,601	36,716	62,382	26,623
<b>Total governmental activities program revenues</b>	<b>294,160</b>	<b>209,772</b>	<b>169,827</b>	<b>191,843</b>	<b>187,131</b>	<b>187,042</b>	<b>202,184</b>	<b>222,275</b>	<b>268,694</b>	<b>387,921</b>
Business-type activities:										
Fees, fines, and charges for services:										
Water <sup>(8)</sup>	115,459	119,718	129,115	145,234	166,043	171,798	171,796	181,823	173,923	177,114
Sewer	177,377	184,630	189,744	195,530	211,084	230,511	235,548	242,504	264,182	281,555
Storm water	52,075	57,642	56,885	61,786	70,042	70,496	71,985	73,082	74,322	82,043
Airport <sup>(6)</sup>	219,990	243,874	254,331	264,139	277,891	289,450	313,113	344,049	292,022	224,505
Public transit <sup>(6)</sup>	26,508	29,122	28,820	33,955	32,404	31,823	29,585	27,685	21,268	11,410
Operating grants and contributions	12,586	12,197	12,082	11,406	10,945	12,053	33,953	30,854	35,081	164,894
Capital grants and contributions <sup>(7)</sup>	73,900	145,792	153,666	312,823	241,970	381,724	114,107	142,122	160,729	202,611
<b>Total business-type activities program revenues</b>	<b>677,895</b>	<b>792,975</b>	<b>824,643</b>	<b>1,024,873</b>	<b>1,010,379</b>	<b>1,187,855</b>	<b>970,087</b>	<b>1,042,119</b>	<b>1,021,527</b>	<b>1,144,132</b>
<b>Total primary government program revenues</b>	<b>\$ 972,055</b>	<b>\$ 1,002,747</b>	<b>\$ 994,470</b>	<b>\$ 1,216,716</b>	<b>\$ 1,197,510</b>	<b>\$ 1,374,897</b>	<b>\$ 1,172,271</b>	<b>\$ 1,264,394</b>	<b>\$ 1,290,221</b>	<b>\$ 1,532,053</b>

## STATISTICAL SECTION

## CITY OF CHARLOTTE, NORTH CAROLINA

## CHANGES IN NET POSITION

## LAST TEN FISCAL YEARS

(Dollar Amounts In Thousands)

(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (468,327)	\$ (591,369)	\$ (613,046)	\$ (666,411)	\$ (737,881)	\$ (643,489)	\$ (700,927)	\$ (618,113)	\$ (781,965)	\$ (872,694)
Business-type activities	76,724	181,678	202,230	349,688	307,105	450,858	141,022	122,168	45,661	192,571
<b>Total primary governmental net expense</b>	<b>\$ (391,603)</b>	<b>\$ (409,691)</b>	<b>\$ (410,816)</b>	<b>\$ (316,723)</b>	<b>\$ (430,776)</b>	<b>\$ (192,631)</b>	<b>\$ (559,905)</b>	<b>\$ (495,945)</b>	<b>\$ (736,304)</b>	<b>\$ (680,123)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes-										
Property	\$ 377,309	\$ 397,629	\$ 436,597	\$ 396,985	\$ 452,209	\$ 454,908	\$ 467,815	\$ 490,890	\$ 507,167	\$ 523,285
Sales	82,730	84,890	92,853	105,623	114,192	118,385	128,402	135,068	139,507	153,368
Utility franchise	36,442	38,069	38,915	52,403	53,545	52,627	52,933	54,338	51,661	51,958
Occupancy <sup>(8)</sup>	32,590	37,963	40,087	45,092	49,079	51,917	56,398	59,680	44,737	29,260
Prepared foods <sup>(8)</sup>	22,523	24,643	25,514	28,358	30,026	31,509	33,632	35,512	31,650	32,174
Business privilege <sup>(5)</sup>	16,375	17,721	9,188	17,098	283	29	23	17	11	10
Municipal vehicle	15,740	14,783	19,001	16,430	17,068	18,280	18,060	18,092	18,120	19,044
Grants and contributions not restricted to specific programs	18,513	19,067	20,546	22,205	23,383	24,952	26,222	27,519	24,820	22,988
Investment earnings	(16,546)	35,063	3,842	3,890	4,670	5,150	11,884	20,091	21,307	(1,122)
Miscellaneous	2,167	(1,001)	(450)	1,441	7,012	475	9,168	2,754	18	(477)
Special items <sup>(2)</sup>	-	-	-	14,100	-	-	-	-	-	-
Gain on early defeasance of debt	-	-	-	-	-	-	-	-	-	4,189
Transfers	(18,399)	(13,755)	(18,091)	(20,270)	(21,609)	(25,402)	(22,920)	(23,189)	(23,628)	(25,458)
<b>Total governmental activities</b>	<b>569,444</b>	<b>655,072</b>	<b>668,002</b>	<b>683,355</b>	<b>729,858</b>	<b>732,830</b>	<b>781,617</b>	<b>820,772</b>	<b>815,370</b>	<b>809,219</b>
Business-type activities:										
Sales taxes levied for Public transit	65,754	66,505	71,233	81,150	89,617	92,601	103,022	107,535	107,779	116,669
Investment earnings	6,461	(1,107)	7,738	6,098	7,065	7,830	23,412	48,690	38,024	(3,236)
Miscellaneous	1,260	(7,293)	5,118	3,319	(7,091)	4,841	3,372	9,920	9,976	2,728
Transfers	18,399	13,755	18,091	20,270	21,609	25,402	22,920	23,189	23,628	25,458
<b>Total business-type activities</b>	<b>91,874</b>	<b>71,860</b>	<b>102,180</b>	<b>110,837</b>	<b>111,200</b>	<b>130,674</b>	<b>152,726</b>	<b>189,334</b>	<b>179,407</b>	<b>141,619</b>
<b>Total primary government</b>	<b>\$ 661,318</b>	<b>\$ 726,932</b>	<b>\$ 770,182</b>	<b>\$ 794,192</b>	<b>\$ 841,058</b>	<b>\$ 863,504</b>	<b>\$ 934,343</b>	<b>\$ 1,010,106</b>	<b>\$ 994,777</b>	<b>\$ 950,838</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 101,117	\$ 63,703	\$ 54,956	\$ 16,944	\$ (8,023)	\$ 89,341	\$ 80,690	\$ 202,659	\$ 33,405	\$ (63,475)
Business-type activities	168,598	253,538	304,410	460,525	418,305	581,532	293,748	311,502	225,068	334,190
<b>Total primary government</b>	<b>\$ 269,715</b>	<b>\$ 317,241</b>	<b>\$ 359,366</b>	<b>\$ 477,469</b>	<b>\$ 410,282</b>	<b>\$ 670,873</b>	<b>\$ 374,438</b>	<b>\$ 514,161</b>	<b>\$ 258,473</b>	<b>\$ 270,715</b>

Notes:

(1) In 2012, the City hosted the Democratic National Convention, funded by a Federal grant. In 2017, the City added 106 public safety positions. In 2020, the City hosted the Republican National Convention, funded by a Federal grant and COVID-19 was declared a world-wide pandemic and impacted operations.

(2) In 2015, a discounted payoff was accepted in full satisfaction of a portion of private loan.

(3) 2012 and 2013 have been restated for the effects of a prior period adjustment.

(4) In 2017 and 2019, expenses decreased due to increased capitalization of streets and right-of-ways maintained by the City.

(5) In 2016, the Business Privilege License Tax ended.

(6) In 2018, Public Transit blue line light rail extension to the University area went into operation and the Airport expanded Concourse A.

(7) In 2017, Public Transit grant reimbursements were received for blue line light rail extension that went into operations in 2018.

(8) In 2020, COVID-19 was declared a world-wide pandemic and impacted revenue streams.

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts In Thousands)**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General fund</b>										
Nonspendable:										
Inventories <sup>(2)</sup>	\$ 951	\$ 985	\$ 1,208	\$ 1,378	\$ 1,426	\$ 1,218	\$ 1,385	\$ -	\$ -	\$ -
Long-term notes receivable	-	-	-	29	13	28	9	-	-	-
Restricted - State statute	59,131	73,571	65,521	63,151	62,967	65,499	73,510	70,411	61,457	68,577
Prepaid items	-	-	-	-	-	-	-	-	37	13
Committed:										
Capital projects	3,790	12,539	5,311	14,382	21,795	2,751	5,540	7,624	14,258	7,048
Component unit	848	1,738	2,146	2,610	3,215	3,441	3,765	4,297	3,205	1,261
Assigned:										
Capital projects	-	550	550	-	-	-	-	-	-	-
Culture and recreation	94	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	463	-	-	-	-
Community planning and development	-	-	483	-	-	-	-	-	-	-
Unassigned	84,703	90,161	95,298	95,280	101,590	107,014	111,102	116,428	115,010	120,115
<b>Total general fund</b>	<b>\$ 149,517</b>	<b>\$ 179,544</b>	<b>\$ 170,517</b>	<b>\$ 176,830</b>	<b>\$ 191,006</b>	<b>\$ 180,414</b>	<b>\$ 195,311</b>	<b>\$ 198,760</b>	<b>\$ 193,967</b>	<b>\$ 197,014</b>
<b>All other governmental funds</b>										
Nonspendable:										
Perpetual care	\$ 3,120	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,132	\$ 3,149
Inventories	-	-	-	-	-	130	112	96	81	71
Prepaid items	-	-	-	-	-	119	501	418	318	82
Long-term notes receivable	-	-	-	89,899	87,498	-	-	-	-	-
Restricted:										
State statute	3,402	3,854	4,785	5,235	5,732	5,776	6,342	6,903	12,791	18,525
Special obligation debt service	10,970	9,220	8,270	7,270	6,215	5,100	-	-	-	-
Public safety	13,190	10,295	11,830	16,816	3,282	13,989	13,590	13,716	9,671	13,734
Streets and highways	10,878	13,373	14,332	15,141	10,809	7,923	7,541	8,787	10,301	4,839
Culture and recreation	121,702	129,869	138,774	144,780	167,391	183,899	185,310	189,915	176,155	149,629
Community planning and development	4,291	5,111	5,762	4,560	7,507	38,773	35,002	34,526	32,636	34,494
Committed:										
Capital projects <sup>(3)</sup>	91,572	87,751	137,488	191,797	238,041	255,898	242,615	381,714	378,413	212,021
Culture and recreation	1,896	1,016	396	414	-	-	-	-	-	-
Debt service <sup>(4)</sup>	-	-	-	4,400	34,510	45,016	68,130	86,000	96,921	98,234
Assigned:										
Debt service	206,124	210,586	251,590	278,219	239,681	218,640	191,069	173,311	99,468	66,674
Unassigned <sup>(1)</sup>	1,927	-	-	(629)	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 469,072</b>	<b>\$ 474,186</b>	<b>\$ 576,338</b>	<b>\$ 761,013</b>	<b>\$ 803,777</b>	<b>\$ 778,374</b>	<b>\$ 753,323</b>	<b>\$ 898,497</b>	<b>\$ 819,887</b>	<b>\$ 601,452</b>

<sup>(1)</sup> In 2015, Municipal Services Districts had a deficit fund balance due to property tax revenues less than anticipated.

<sup>(2)</sup> In 2019, support services spare parts inventory was sold to a private vendor.

<sup>(3)</sup> In 2014, more debt was sold in order to fund Capital Projects. This increase in Capital Projects spending continues.

<sup>(4)</sup> In 2015, debt services advanced funds for various capital projects. This continued for other capital projects that will be repaid over five years.



## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(In Thousands)  
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues:</b>										
Property taxes	\$ 378,409	\$ 395,789	\$ 430,657	\$ 401,040	\$ 451,563	\$ 456,176	\$ 467,717	\$ 492,051	\$ 505,521	\$ 523,184
Other taxes	149,564	159,787	171,864	193,197	208,513	217,719	235,000	247,814	229,989	227,939
Intergovernmental <sup>(1)</sup>	149,958	176,661	136,198	172,109	166,463	163,711	172,575	188,832	222,470	331,394
Licenses, fees and fines	61,103	63,914	63,001	68,421	43,363	46,287	50,347	49,097	53,165	58,322
Investment earnings	3,544	(14)	4,739	3,350	3,745	3,815	8,373	21,635	20,479	1,277
Private contributions <sup>(2)</sup>	2,377	3,872	9,428	4,745	4,039	1,671	3,612	2,371	3,475	2,945
Administrative charges	29,406	24,636	25,227	29,361	34,793	37,031	39,589	44,716	46,858	51,455
Charges for current services	8,325	6,187	6,364	6,919	7,234	8,670	8,126	9,832	12,052	12,730
Miscellaneous	8,614	9,714	9,828	8,151	10,051	10,458	11,782	9,252	8,194	10,467
<b>Total revenues</b>	<b>791,300</b>	<b>840,546</b>	<b>857,306</b>	<b>887,293</b>	<b>929,764</b>	<b>945,538</b>	<b>997,121</b>	<b>1,065,600</b>	<b>1,102,203</b>	<b>1,219,713</b>
<b>Expenditures:</b>										
Public safety <sup>(1)</sup>	340,387	366,574	335,977	346,524	359,187	382,427	391,301	420,234	448,196	471,984
Sanitation	45,694	46,680	49,278	50,764	52,265	55,610	59,179	64,032	67,322	75,953
General administration	41,979	43,596	45,295	44,042	40,294	42,078	47,143	51,977	55,009	73,772
Support services	30,848	22,563	25,956	29,414	29,728	31,823	31,885	29,250	41,703	49,882
Engineering and property management	22,717	22,056	22,479	22,739	20,973	22,095	21,927	23,558	25,236	36,491
Streets and highways	56,366	51,097	57,313	57,580	62,924	65,102	62,376	58,831	59,927	61,148
Culture and recreation <sup>(3)</sup>	13,632	17,793	21,035	24,571	27,312	29,835	38,743	31,559	35,425	39,273
Community planning and development	51,215	46,683	51,947	56,613	49,813	46,119	46,868	53,238	63,857	160,650
Business-type grant funded	-	-	-	-	-	-	-	-	931	842
Debt service-										
Principal <sup>(4)</sup>	72,849	68,812	77,139	86,287	112,033	97,190	116,416	121,309	110,124	139,069
Interest and other charges	58,606	59,210	61,053	61,334	66,557	60,790	60,238	61,918	65,934	61,155
Capital outlay	137,506	170,522	162,571	160,745	154,320	166,087	175,209	234,489	313,296	311,207
<b>Total expenditures</b>	<b>871,799</b>	<b>915,586</b>	<b>910,043</b>	<b>940,613</b>	<b>975,406</b>	<b>999,156</b>	<b>1,051,285</b>	<b>1,150,395</b>	<b>1,286,960</b>	<b>1,481,426</b>
(Deficiency) of revenues										
(under) expenditures	(80,499)	(75,040)	(52,737)	(53,320)	(45,642)	(53,618)	(54,164)	(84,795)	(184,757)	(261,713)

Continued on next page

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Continued)**  
**LAST TEN FISCAL YEARS**  
(In Thousands)  
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Other financing sources (uses):</b>										
Sales of capital assets <sup>(5)</sup>	1,943	4,768	1,117	1,003	34,027	6,238	2,518	3,112	1,275	1,714
Bonds issued	-	-	34,370	-	-	34,503	57,062	58,435	121,568	70,027
Commercial paper issued	64,846	73,988	59,055	59,973	66,213	1,677	-	-	-	-
Installment purchases issued	33,155	34,808	63,994	100,691	23,685	-	-	170,205	-	-
Refunding debt issued	177,485	130,470	266,893	62,755	33,010	116,230	-	150,905	314,330	-
Premium on debt issuance	36,025	5,123	31,544	15,199	5,906	19,377	-	49,086	36,683	-
Private loan <sup>(6)</sup>	270	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(209,457)	(130,590)	(293,020)	(71,580)	(38,650)	(135,000)	-	(175,155)	(348,762)	-
Transfers in	111,204	126,402	121,528	123,605	186,997	191,445	175,007	175,167	254,381	225,861
Transfers out	(129,603)	(140,157)	(139,619)	(140,475)	(208,606)	(216,847)	(190,577)	(198,337)	(278,121)	(251,277)
<b>Total other financing sources (uses)</b>	<b>85,868</b>	<b>104,812</b>	<b>145,862</b>	<b>151,171</b>	<b>102,582</b>	<b>17,623</b>	<b>44,010</b>	<b>233,418</b>	<b>101,354</b>	<b>46,325</b>
Net change in fund balances	\$ 5,369	\$ 29,772	\$ 93,125	\$ 97,851	\$ 56,940	\$ (35,995)	\$ (10,154)	\$ 148,623	\$ (83,403)	\$ (215,388)
Debt service as a percentage of noncapital expenditures	17.6%	17.0%	18.4%	18.1%	19.4%	18.0%	18.2%	18.9%	17.3%	15.9%

<sup>(1)</sup> The City hosted the Democratic National Convention in September 2012, funded by a Federal grant. The City hosted the Republican National Convention in August 2020, funded by a Federal Grant. In 2020, COVID-19 was declared a world-wide pandemic and impacted operations.

<sup>(2)</sup> In 2012, private contributions were received to fund construction of the Mint Museum.

<sup>(3)</sup> In 2018, Federal Court House was sold and design fees for Convention Center renovations were incurred.

<sup>(4)</sup> In 2016, the Hall of Fame private loan was paid.

<sup>(5)</sup> In 2016, land was sold to pay off Hall of Fame private loan.

<sup>(6)</sup> 2012 reflects a private loan agreement to finance pre-opening expenses for Hall of Fame.



## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value				Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property		Personal Property				
	Residential Property	Commercial Property	Motor Vehicles	Other			
2012	\$45,757,652	\$32,639,066	\$5,153,731	\$7,071,716	\$248,052	\$90,374,113	\$0.4370
2013	45,958,721	31,815,858	5,621,122	7,408,446	238,179	90,565,968	0.4370
2014	45,891,739	31,556,625	5,671,639	7,764,066	250,288	90,633,781	0.4687
2015	45,297,317	30,263,922	6,194,474	7,953,022	285,506	89,423,229	0.4687
2016	44,813,098	32,220,420	6,550,784	7,909,799	294,003	91,200,098	0.4787
2017	44,848,147	33,778,317	7,016,818	8,057,175	292,117	93,408,340	0.4787
2018	45,442,308	35,137,507	7,199,466	8,404,556	306,676	95,877,161	0.4787
2019	45,888,331	36,330,136	7,351,494	8,912,989	309,697	98,173,253	0.4887
2020	66,952,245	60,265,814	7,822,734	9,286,431	505,388	143,821,836	0.3481
2021	68,153,511	60,893,099	7,938,342	10,145,479	505,911	146,624,520	0.3481

Source: Assessed value data provided by Mecklenburg County. Assessed value is 100% of appraised market value as of the last revaluation date.

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates				Overlapping Rates					
	General	Debt Service	Capital Projects	Total Direct	Municipal Service Districts					Mecklenburg County
					District 1	District 2	District 3	District 4	District 5	
2012	\$ .3600	\$ .0650	\$ .0120	\$ .4370	\$ .0168	\$ .0233	\$ .0358	\$ .0668	\$ .0279	\$ .8166
2013	.3600	.0650	.0120	.4370	.0168	.0233	.0358	.0668	.0279	.7922
2014	.3600	.0967	.0120	.4687	.0168	.0233	.0358	.0668	.0279	.8157
2015	.3600	.0967	.0120	.4687	.0168	.0233	.0358	.0668	.0279	.8157
2016	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	.8157
2017	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	.8157
2018	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	.8157
2019	.3816	.0951	.0120	.4887	.0208	.0293	.0418	.0668	.0279	.8232
2020	.2731	.0677	.0073	.3481	.0136	.0227	.0338	.0390	.0279	.6169
2021	.2731	.0677	.0073	.3481	.0136	.0227	.0338	.0390	.0279	.6169



## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**(Dollar Amounts In Thousands)**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wells Fargo	\$ 1,894,503	1	1.29%	\$ 1,380,710	2	1.53%
Duke Energy Corporation	1,698,683	2	1.16	955,780	3	1.06
Bank of America	1,474,321	3	1.01	1,549,033	1	1.71
American Airlines/US Airways Group, Incorporated	848,489	4	0.58	513,448	4	0.57
Time Warner Entertainment	460,673	5	0.31	316,609	7	0.35
Truist	436,594	6	0.30	-	-	-
Southpark Mall	392,882	7	0.27	339,006	6	0.38
Piedmont Natural Gas	323,232	8	0.22	288,930	8	0.32
301 College Street	288,663	9	0.20	-	-	-
AT&T	268,511	10	0.18	404,009	5	0.45
TIAA-Cref, LLC	-	-	-	245,418	9	0.27
CK Southern/Childress Klein	-	-	-	183,113	10	0.20
<b>Total</b>	<b>\$ 8,086,551</b>		<b>5.52%</b>	<b>\$ 6,176,056</b>		<b>6.84%</b>

Source: Mecklenburg County.

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts In Thousands)**

Fiscal Year <sup>(1)</sup>	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>(2)</sup>	Total Collections to Date	
	Amount	Percentage of Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 395,901	\$ 387,890	97.98%	\$ (15,473)	\$ 372,417	94.07%	
2013	395,392	386,270	97.69	(8,375)	377,895	95.57	
2014	415,447	408,956	98.44	2,312	411,268	98.99	
2015	392,831	390,339	99.37	7,342	397,681	100.00	
2016	422,527	420,153	99.44	9,125	429,278	100.00	
2017	422,768	419,751	99.29	9,282	429,033	100.00	
2018	432,044	429,926	99.51	9,365	439,291	100.00	
2019	453,300	451,005	99.49	10,576	461,581	100.00	
2020	479,035	473,689	98.88	8,820	482,509	100.00	
2021	493,616	489,541	99.17	-	489,541	99.17	

Source: Mecklenburg County.

<sup>(1)</sup> Pursuant to the North Carolina General Statutes, property taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until January 6. For example, the taxes levied effective July 1, 2021, for the fiscal year 2022, were based on the assessed values listed as of January 1, 2021.

<sup>(2)</sup> In subsequent years, for the fiscal years 2012 and 2013, refunds due to successful appeals of the revaluation exceeded additional collections.



## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**CITY-WIDE LEVY**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(Dollar Amounts In Thousands)**

	City - Wide			Total Levy	
	Property Valuation <sup>(2)</sup>	Rate	Total Levy <sup>(1)</sup>	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 138,899,350	0.3481	\$ 502,480	\$ 483,509	\$ 18,971
Discoveries - current and prior years	<u>662,577</u>		<u>-</u>	<u>-</u>	<u>-</u>
Total property valuation	<u>\$ 139,561,927</u>		<u>502,480</u>	<u>483,509</u>	<u>18,971</u>
Net Levy			486,412	467,441	18,971
Unpaid (by taxpayer) taxes at June 30, 2020			(3,968)	(3,968)	-
Current year's taxes collected			<u>\$ 482,444</u>	<u>\$ 463,473</u>	<u>\$ 18,971</u>
Current levy collection percentage			<u>99.18%</u>	<u>99.15%</u>	<u>100.00%</u>

<sup>(1)</sup> Total levy includes only those taxes levied on a unit-wide basis and therefore, does not include the Municipal Services Districts.

<sup>(2)</sup> Property valuation amounts are only for property and does not include registered motor vehicles.

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
(Dollar Amounts in Thousands, except Per Capita)

Fiscal Year	General Bonded Debt				Other Governmental Activities Debt				Direct Borrowing
	Governmental Activities General Obligation Bonds <sup>(3)</sup>	Business-Type Activities General Obligation Bonds <sup>(3)</sup>	Percentage of Actual Taxable Value of Property <sup>(1)</sup>	Per Capita <sup>(2)</sup>	Special Obligation Bonds	Installment Purchases <sup>(3)(4)(7)</sup>	Construction Period Notes <sup>(6)(7)</sup>	Private Loan	
2012	\$ 606,204	\$ 258,998	0.96%	\$ 1,120	\$ 10,120	\$ 730,252	\$ 24,094	\$ 39,100	\$ 9,342
2013	577,431	231,267	0.89	1,015	9,220	727,912	98,082	35,331	8,902
2014	729,362	203,241	1.03	1,170	8,270	747,191	7,137	35,331	8,444
2015	691,351	174,812	0.97	1,069	7,270	803,723	67,110	16,231	7,943
2016	647,449	145,373	0.87	959	6,215	767,855	133,323	-	7,538
2017	737,220	114,415	0.87	995	5,100	708,206	34,503	-	5,780
2018	685,147	85,211	0.80	880	-	639,406	91,565	-	4,368
2019	630,710	58,470	0.70	750	-	756,697	150,000	-	4,368
2020	753,491	33,590	0.57	875	-	690,282	66,568	-	2,780
2021	694,206	15,931	0.48	741	-	597,786	136,595	-	2,780

Continued on next page



## STATISTICAL SECTION

Fiscal Year	Other Business-Type Activities Debt							Percentage of Personal Income <sup>(2)(5)</sup>	Per Capita <sup>(2)</sup>
	Revenue Bonds <sup>(3)</sup>	Direct Placement		Other Financing Agreements	Direct Borrowing		Total Primary Government		
		Installment Purchases <sup>(3)(7)</sup>	Revenue Bond Anticipation Notes <sup>(7)</sup>		Revolving Loans <sup>(7)</sup>	TIFIA Loan <sup>(7)</sup>			
2012	\$ 2,473,421	\$ 167,135	\$ -	\$ 5,440	\$ 133	\$ -	\$ 4,324,239	19.13%	\$ 5,597
2013	2,404,518	288,353	-	4,610	1,242	-	4,386,868	19.70	5,505
2014	2,303,043	281,758	87,054	3,775	1,176	-	4,415,782	18.62	5,541
2015	2,162,847	279,384	214,999	2,950	1,110	-	4,429,730	16.86	5,469
2016	2,296,876	275,258	83,739	2,130	1,043	88,353	4,455,152	16.06	5,386
2017	2,416,258	380,699	67,895	1,320	3,730	137,685	4,612,811	N/A	5,388
2018	2,524,153	371,318	52,405	675	3,438	180,000	4,637,686	N/A	5,298
2019	2,644,364	271,347	92,449	250	14,837	176,259	4,799,751	N/A	5,220
2020	2,533,555	263,788	279,971	-	49,831	172,411	4,846,267	N/A	5,212
2021	2,860,003	167,956	119,266	-	73,520	168,430	4,684,873	N/A	4,886

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> See Schedule of Assessed Value and Actual Value of Taxable Property for value data.

<sup>(2)</sup> See Schedule of Demographic and Economic Statistics for population and personal income data.

<sup>(3)</sup> 2012 has been restated for the implementation of GASB 65.

<sup>(4)</sup> 2012 has been restated for a prior period adjustment.

<sup>(5)</sup> N/A = Data not available

<sup>(6)</sup> 2012 through 2016 includes Commercial Paper Notes. 2017 through 2020 includes General Obligation Bond Anticipation Notes.

<sup>(7)</sup> In 2019, debt classification changed to reflect direct and indirect placements and borrowings through implementation of GASB 88.

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING BONDED DEBT**  
**June 30, 2021**  
**(Dollar Amounts in Thousands)**

	<b>Net General Obligation Bonded Debt Outstanding</b>	<b>Percentage Applicable to City <sup>(1)</sup></b>	<b>Amount Applicable to City</b>
Jurisdiction			
Direct:			
City of Charlotte	\$ 1,431,367	100%	\$ 1,431,367
Overlapping:			
Mecklenburg County	<u>1,611,206</u>	76.53%	<u>1,233,056</u>
Total	<u>\$ 3,042,573</u>		<u>\$ 2,664,423</u>

<sup>(1)</sup> Percentage of direct and overlapping debt is based on June 30, 2021 assessed valuation of the City of Charlotte (\$146,624,520) as compared to the June 30, 2021 assessed valuation of Mecklenburg County (\$191,570,549).



STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts in Thousands)**

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Net Debt Outstanding <sup>(1)(2)</sup></b>	<b>Legal Debt Margin</b>	<b>Ratio of Net Debt Outstanding to Debt Limit</b>
2012	\$ 7,229,929	\$ 2,101,356	\$ 5,128,573	29.06%
2013	7,240,375	2,095,463	5,144,912	28.94
2014	7,250,702	2,150,659	5,100,043	29.66
2015	6,780,590	2,235,933	4,544,657	32.98
2016	7,296,008	2,067,347	5,228,661	28.34
2017	7,472,667	2,365,043	5,107,624	31.65
2018	7,670,173	2,158,926	5,511,247	28.15
2019	7,853,860	2,270,477	5,583,383	28.91
2020	11,505,747	2,180,507	9,325,240	18.95
2021	11,729,962	2,048,068	9,681,894	17.46

<sup>(1)</sup> Excludes debt not applicable to the limit.

<sup>(2)</sup> 2012 has been restated for the implementation of GASB 65.

Legal Debt Margin Calculation for Fiscal Year 2021:

Assessed value		<u>\$146,624,520</u>
Debt limit (8% of assessed value)		11,729,962
Total outstanding general obligation bonded debt	\$ 710,137	
Amounts due under installment purchases primarily for Convention Center, tourism, capital improvements and equipment	765,742	
Bonds authorized but unissued	<u>576,131</u>	
	2,052,010	
Less- Water general obligation bonds	<u>3,942</u>	
Outstanding debt, net		2,048,068
Legal debt margin		<u>\$ 9,681,894</u>

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA  
SPECIAL OBLIGATION BOND COVERAGE  
LAST SIX FISCAL YEARS  
(Dollar Amounts in Thousands)**

<b>Fiscal Year</b>	<b>Allowable Revenues <sup>(1)</sup></b>	<b>Debt Service Requirement <sup>(2)</sup></b>	<b>Bond Coverage</b>
2012	\$ 20,033	\$ 1,383	14.5
2013	20,648	1,383	14.9
2014	22,796	1,382	16.5
2015	26,138	1,382	18.9
2016	27,896	1,386	20.1
2017	28,623	1,396	20.5

<sup>(1)</sup> Allowable revenues as defined by the Revenue Bond Order.

<sup>(2)</sup> Bonds were paid off in fiscal year 2018.



## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**WATER AND SEWER REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts in Thousands)**

<b>Fiscal Year</b>	<b>Allowable Revenues <sup>(1)</sup></b>	<b>Current Expenses <sup>(1)</sup></b>	<b>Debt Service Requirement</b>	<b>Revenue Bond Coverage</b>	<b>50% of Surplus Fund <sup>(1)</sup></b>	<b>Revenue Bond Coverage, Including Surplus Fund</b>
2012	\$ 295,784	\$ 106,737	\$ 140,599	1.3	\$ 73,442	1.9
2013	308,137	108,679	143,074	1.4	85,595	2.0
2014	323,047	114,147	145,837	1.4	83,019	2.0
2015	345,228	125,272	142,804	1.5	71,888	2.0
2016	382,826	129,059	150,528	1.7	92,803	2.3
2017	410,308	146,262	150,819	1.8	119,415	2.5
2018	418,226	142,433	146,441	1.9	133,664	2.8
2019	435,750	150,082	153,687	1.9	142,773	2.8
2020	446,647	168,420	147,719	1.9	136,712	2.8
2021	458,253	182,782	143,370	1.9	143,355	2.9

<sup>(1)</sup> Allowable revenues, current expenses and Surplus Fund as defined by the Revenue Bond Order.

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STORM WATER REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts in Thousands)**

<b>Fiscal Year</b>	<b>Allowable Revenues <sup>(1)</sup></b>	<b>Current Expenses <sup>(1)</sup></b>	<b>Debt Service Requirement</b>	<b>Revenue Bond Coverage</b>	<b>50% of Surplus Fund <sup>(1)</sup></b>	<b>Revenue Bond Coverage, Including Surplus Fund</b>
2012	\$ 52,160	\$ 12,381	\$ 10,544	3.8	\$ 9,575	4.7
2013	55,219	13,522	8,841	4.7	8,543	5.7
2014	55,769	12,815	9,961	4.3	7,816	5.1
2015	59,367	9,913	11,357	4.4	6,416	4.9
2016	66,515	11,788	11,971	4.6	8,589	5.3
2017	67,268	11,649	12,538	4.4	8,819	5.1
2018	68,414	11,778	12,523	4.5	9,757	5.3
2019	73,499	9,678	13,135	4.9	13,500	5.9
2020	74,081	11,324	13,406	4.7	14,389	5.8
2021	73,350	14,373	14,676	4.0	9,549	4.7

<sup>(1)</sup> Allowable revenues, current expenses and Surplus Fund as defined by the Revenue Bond Order.



## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**AIRPORT REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts in Thousands)**

<b>Fiscal Year</b>	<b>Gross Revenues <sup>(1)</sup></b>	<b>Application of Revenues <sup>(1)</sup></b>	<b>Net Revenues Available for Debt Service</b>	<b>Debt Service Requirement <sup>(2)</sup></b>	<b>Revenue Bond Coverage <sup>(3)</sup></b>
2012	\$ 139,958	\$ 61,711	\$ 78,247	\$ 24,289	3.2
2013	156,794	71,736	85,058	26,071	3.3
2014	164,907	73,161	91,746	26,072	3.5
2015	176,443	91,912	84,531	25,733	3.3
2016	195,521	105,039	90,482	25,722	3.5
2017	207,928	113,685	94,243	17,439	5.4
2018	226,000	119,984	106,016	17,775	6.0
2019	245,855	130,117	115,738	22,871	5.1
2020	214,254	137,869	76,385	25,451	3.0
2021	277,924	133,911	144,013	24,297	5.9

<sup>(1)</sup> Gross revenues and application of revenues as defined by the Revenue Bond Order.

<sup>(2)</sup> Net of capitalized interest.

<sup>(3)</sup> Revenue bond coverage as defined by the Revenue Bond Order.

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS**

<b>Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Unemployment Rate</b>
2012	772,627	\$ 22,605,735	\$ 23,667	33.9	8.8
2013	796,921	22,270,608	22,874	33.9	8.4
2014	796,921	23,708,978	23,946	34.5	6.0
2015	809,958	26,268,690	25,877	35.4	5.3
2016	827,097	27,738,165	26,575	35.5	4.5
2017	856,062	N/A	37,687	34.7	4.1
2018	875,318	N/A	37,913	35.1	4.0
2019	919,503	N/A	N/A	34.7	4.2
2020	940,144	N/A	N/A	N/A	8.8
2021	958,788	N/A	N/A	37.7	5.1

Source: Unemployment rates are from NC Commerce LAUS reports, Population provided by the City of Charlotte Planning Department, Per Capita and Median Age provided by Census Reporter, Bureau of Economic Analysis at county level.

N/A: Information not available.



## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	2021			2012		
	Employees	Rank	Percentage to Total City Employment	Employees	Rank	Percentage to Total City Employment
Atrium Health (formerly Carolinas Healthcare System)	35,700	1	5.99%	32,500	1	6.74%
Wells Fargo	23,500	2	3.95	20,000	2	4.15
Charlotte-Mecklenburg Schools	18,495	3	3.11	18,143	3	3.76
Wal-Mart Stores, Incorporated	17,100	4	2.87	14,000	5	2.90
Bank of America	15,000	5	2.52	15,000	4	3.11
Novant Health/Presbyterian Regional Healthcare Corporation	11,698	6	1.96	10,573	6	2.19
American Airlines/US Airways Group, Incorporated	11,000	7	1.85	-	-	-
Delhaize America, Incorporated/ Food Lion LLC	9,078	8	1.52	8,700	7	1.80
Harris Teeter, Incorporated	8,239	9	1.38	-	-	-
Lowe's Companies, Incorporated	7,801	10	1.31	8,500	8	1.76
Duke Energy Corporation	-	-	-	7,700	9	1.60
North Carolina State Government	-	-	-	7,684	10	1.53
<b>Total</b>	<b>157,611</b>		<b>26.46%</b>	<b>142,800</b>		<b>29.54%</b>

Sources: Number of employees provided by Charlotte Regional Business Alliance. Total city employment provided by NC Department of Commerce.

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Full-time Equivalent Employees as of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety <sup>(1) (4) (5) (10)</sup>	3,408.50	3,472.50	3,472.50	3,500.50	3,474.50	3,594.50	3,705.50	3,711.50	3,735.50	3,687.50
Sanitation	289.00	289.00	289.00	302.00	302.00	305.00	314.00	314.00	316.00	309.00
General administration <sup>(2) (3) (5)</sup>	373.25	370.50	370.50	348.50	366.75	372.75	294.00	288.00	258.00	266.00
Support services <sup>(4) (5) (6) (10)</sup>	254.50	257.00	257.00	288.00	249.00	257.00	268.00	145.00	148.00	219.00
Engineering and property management <sup>(3) (6)</sup>	330.00	322.00	322.00	322.00	325.00	343.00	347.00	450.00	491.00	473.00
Streets and highways <sup>(4)</sup>	431.50	431.50	431.50	431.50	408.75	410.75	422.75	423.75	424.75	412.75
Community planning and development <sup>(2)</sup>	220.00	220.00	225.00	228.00	214.00	218.00	329.75	361.75	377.75	363.75
Water and Sewer <sup>(7)</sup>	746.25	746.50	761.50	796.00	822.00	846.00	912.00	958.00	997.00	997.00
Storm Water	84.00	95.00	100.00	108.00	124.00	131.00	136.00	153.00	171.00	175.00
Airport <sup>(5) (8)</sup>	283.00	251.00	262.00	432.00	503.00	553.00	595.00	659.00	708.00	708.00
Public Transit <sup>(9)</sup>	361.75	361.75	361.75	384.75	419.75	522.75	522.75	534.75	582.75	582.75
Risk Management	27.00	27.00	27.00	28.00	28.00	28.00	27.00	23.00	23.00	23.00
<b>Total</b>	<b>6,808.75</b>	<b>6,843.75</b>	<b>6,879.75</b>	<b>7,169.25</b>	<b>7,236.75</b>	<b>7,581.75</b>	<b>7,873.75</b>	<b>8,021.75</b>	<b>8,232.75</b>	<b>8,216.75</b>

<sup>(1)</sup> In 2017, positions were added because the Mayor and City Council identified public safety as the highest priority.

<sup>(2)</sup> In 2018, Char Meck 311 positions were moved from General administration to Community planning and development.

<sup>(3)</sup> In 2020, the Procurement division including Charlotte Business Inclusion was transferred from General Administration to Engineering and Property Management.

<sup>(4)</sup> In 2016, vacant positions were eliminated.

<sup>(5)</sup> In 2013, positions were transferred from public safety at the Airport to Public safety. In 2021, positions were transferred from public safety to support services to centralize innovation and technology, centralized attorney positions from public safety to general administration.

<sup>(6)</sup> In 2019, General Services Fleet management positions were moved to Engineering and property management.

<sup>(7)</sup> In 2012, vacant positions were eliminated as part of the financial stability plan. In 2014, positions were added to offset reductions in contractual services. In 2015, positions were added to meet service demand. In 2016, positions were added in response to the improving economy and regulatory changes. In 2017 through 2019 positions were added to keep pace with the growth in customer base. In 2020, positions were added to support rehabilitation and replacement efforts and to maintain regulatory compliance.

<sup>(8)</sup> In 2012, positions were added for public safety. In 2014, 2015 and 2016 positions were added to meet service demand. In 2015, existing full-time temporary positions were converted to regular full-time status. In 2016, positions were added in response to the improving economy and regulatory changes. 2017 through 2020 positions were added to keep up with service complexity and customer demand.

<sup>(9)</sup> In 2015, positions were added to meet service demand. In 2016, positions were added for the Blue Line Extension. In 2017, positions were added for start-up and testing of new rail services for the Blue Line Extension project.

<sup>(10)</sup> In 2021, Support services was centralized. Innovation and Technology showed 74 positions transferred from various departments.

## SOURCE:

Position allocations per Strategy and Budget Department.



## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Police physical arrests <sup>(7)</sup>	25,389	22,839	23,018	22,144	20,794	19,697	18,937	17,221	16,841	13,440
911 call volume	1,093,772	1,015,825	1,061,018	1,180,177	1,251,592	1,195,766	1,179,451	1,247,438	1,220,559	1,159,829
Fire calls answered	95,922	97,361	103,474	110,710	117,315	123,159	124,123	130,138	119,602	124,052
Sanitation										
Refuse collected (in tons)	218,792	212,296	211,407	206,535	219,901	228,819	226,199	230,938	237,806	247,080
Refuse collected by City contractors (in tons)	77,195	62,153	63,971	65,768	72,548	84,794	87,853	87,502	93,794	93,677
Recyclables and organics collected (in tons) <sup>(1)</sup>	54,587	54,557	58,173	88,332	50,995	57,832	57,600	63,949	51,718	53,056
Recyclables and organics collected by City contractors (in tons) <sup>(1)</sup>	46,599	47,666	49,183	10,283	49,313	49,994	48,377	43,229	50,559	49,175
Support services/Engineering and Property Management										
Fleet maintained	3,577	3,331	3,280	3,250	3,233	3,342	3,294	3,398	3,444	3,548
Streets and highways										
Miles resurfaced	222	149	211	221	234	272	206	159	141	144
Potholes repaired <sup>(2)</sup>	768	856	1,205	1,101	1,173	1,183	1,524	2,889	2,244	1,919
Community planning and development										
Housing inspections conducted	3,070	2,498	2,670	2,779	2,300	2,141	2,320	2,504	1,809	2,132
Affordable housing production <sup>(3)</sup>	1,614	1,368	1,083	824	768	1,033	1,248	1,199	1,802	2,015
Water										
Number of service connections	253,557	257,683	262,607	267,664	273,574	279,380	285,092	290,442	297,098	304,029
Average daily pumped (in millions of gallons)	101	99	101	103	107	107	106	108	109	110
Sewer										
Number of service connections	235,157	238,854	242,959	247,165	246,299	256,327	260,580	264,981	270,640	276,498
Average daily treatment (in millions of gallons)	78	79	83	81	80	80	78	91	89	87
Storm water										
Requests for services completed <sup>(4)</sup>	2,862	1,809	1,886	1,711	2,565	2,405	2,369	3,661	3,783	3,887
Airport										
Number of airline arrivals and departures per day <sup>(5)</sup>	1,371	1,415	1,401	1,399	1,389	1,402	1,383	1,547	1,293	1,161
Passengers boarding (in thousands) <sup>(5)</sup>	20,010	21,108	21,977	22,193	22,376	22,515	23,075	23,959	19,409	16,645
Public transit										
Revenue miles operated (in thousands) <sup>(5) (6)</sup>	16,087	16,180	16,172	16,934	16,893	16,310	16,386	17,144	15,782	13,289
Passengers (in thousands) <sup>(5)</sup>	26,500	26,110	25,572	25,201	23,900	22,734	21,230	20,430	18,090	8,724

## NOTES:

<sup>(1)</sup> Recycling contract was cancelled in 2015. Recycling contract started in 2016.

<sup>(2)</sup> In 2019, transferred to a new system capturing each pothole separately instead of just by work order.

<sup>(3)</sup> In 2017, City Council approved more low income tax credit housing projects. In 2020, additional funding sources supported an increase in production.

<sup>(4)</sup> 2019 rain events caused an increase in the number of service requests received.

<sup>(5)</sup> The decrease is due to the impacts of the COVID-19 pandemic on the industry.

<sup>(6)</sup> In 2019, revenue miles were restated to reflect consistency with National Transit Database (NTD).

<sup>(7)</sup> In 2021, number of physical arrests decreased due to COVID-19 pandemic. Orders were issued by the Chief Judge for the County which suspended enforcement of all Order for Arrest except in cases of domestic violence and several other violent crime offense types.

## SOURCES:

Charlotte-Mecklenburg Police Department, Charlotte Fire Department, Solid Waste Services, Engineering & Property Management, Charlotte Department of Transportation, Housing & Neighborhood Services, Charlotte Water, Storm Water Services, Charlotte Douglas International Airport, Charlotte Area Transit System

## STATISTICAL SECTION

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Public safety</b>										
Police stations	13	13	13	13	13	13	13	13	13	13
Patrol units	1,352	1,386	1,391	1,388	1,392	1,443	1,490	1,486	1,594	1,622
Fire stations	42	42	42	42	42	42	42	42	42	43
<b>Sanitation</b>										
Collection trucks	171	180	177	188	177	180	178	186	192	204
<b>Streets and highways</b>										
Lane miles of streets <sup>(1)</sup>	5,245	5,261	5,265	5,271	5,284	5,323	5,371	5,415	5,445	5,479
Number of street lights	70,862	71,851	72,316	73,185	73,634	74,140	74,310	75,472	76,734	77,160
<b>Water</b>										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	4,206	4,198	4,209	4,232	4,269	4,314	4,353	4,393	4,431	4,482
Fire hydrants	16,756	16,889	16,631	16,766	16,901	17,109	17,344	17,517	17,677	17,925
<b>Sewer</b>										
Treatment plants	5	5	5	5	5	5	5	7	7	7
Miles of sanitary sewer lines	4,180	4,170	4,320	4,200	4,244	4,288	4,330	4,376	4,420	4,475
<b>Airport</b>										
Feet of runway	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,178
<b>Public transit</b>										
Motor buses	323	322	322	316	316	315	312	309	339	323
Light rail vehicles <sup>(2)</sup>	20	20	20	20	24	36	40	42	42	42
Streetcar vehicles <sup>(3)</sup>	-	-	-	-	3	3	3	3	3	3

## NOTES:

<sup>(1)</sup> 2012 through 2016 have been restated to record lane miles of street verses miles of streets.

<sup>(2)</sup> In 2017, twelve light rail vehicles were purchased and placed into service for the Blue Line Extension project.

<sup>(3)</sup> In 2016, streetcar operations began.

## SOURCE:

Charlotte-Mecklenburg Police Department, Charlotte Fire Department, Solid Waste Services, Charlotte Department of Transportation, Charlotte Water, Charlotte Douglas International Airport, Charlotte Area Transit System



# Single Audit

---

Annual Comprehensive Financial Report 2021





**Report of Independent Auditor on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and  
Members of the City Council  
City of Charlotte, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the “City”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated October 31, 2021. Our report includes a reference to other auditors who audited the financial statements of the Charlotte Regional Visitors Authority (CRVA), as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Charlotte Firefighters’ Retirement System were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cheryl Behant LLP*

Charlotte, North Carolina  
October 31, 2021



**Report of Independent Auditor on Compliance for Each Major Federal Program  
and on Internal Control over Compliance in Accordance with  
OMB Uniform Guidance and the State Single Audit Implementation Act**

To the Honorable Mayor and  
Members of the City Council  
City of Charlotte, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the City of Charlotte, North Carolina (the “City”), compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2021. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Our audit, described below, did not include the operations of the Charlotte Regional Visitors Authority (CRVA), a discretely presented component unit of the City, since it was audited by other auditors.

**Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of and questioned costs as item 2021-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cheryl Behrman LLP*

Charlotte, North Carolina  
October 31, 2021



## Report of Independent Auditor on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

To the Honorable Mayor and  
Members of the City Council  
City of Charlotte, North Carolina

### Report on Compliance for Each Major State Program

We have audited the City of Charlotte, North Carolina (the “City”), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City’s major State programs for the year ended June 30, 2021. The City’s major State programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Our audit, described below, did not include the operations of the Charlotte Regional Visitors Authority (CRVA), a discretely presented component unit of the City, since it was audited by other auditors.

### Management’s Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

### Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination on the City’s compliance.

### Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2021.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cheryl Behrnt LLP*

Charlotte, North Carolina  
October 31, 2021

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*FOR THE YEAR ENDED JUNE 30, 2021*

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on whether the financial Statements were prepared in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

• Material weakness(es) identified? \_\_\_\_\_ yes  X  no

• Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  no

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal control over major federal programs:

• Material weakness(es) identified? \_\_\_\_\_ yes  X  no

• Significant deficiency(ies) identified that are not considered to be material weaknesses?  X  yes \_\_\_\_\_ none reported

Noncompliance material to federal awards? \_\_\_\_\_ yes  X  no

Type of auditor’s report issued on compliance for major federal programs:

*Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? \_\_\_\_\_ yes  X  no

Identification of major federal programs:

Federal Assistance Listing Number

Names of Federal Program or Cluster

20.205  
 21.019  
 20.106  
 21.023

Highway Planning and Construction Cluster  
 Coronavirus Relief Fund Program  
 Airport Improvement Program  
 Emergency Rental Assistance Program

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
*FOR THE YEAR ENDED JUNE 30, 2021*

**Section I – Summary of Auditor’s Results (continued)**

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 3,000,000

Auditee qualified as low-risk auditee?        yes   X   no

**State Awards**

Internal control over major state programs:

- Material weakness(es) identified?        yes   X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to state awards?        yes   X   no

Type of auditor’s report issued on compliance for major state programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with the *Audit Manual for Governmental Auditors in North Carolina*?   X   yes        no

Identification of major state programs:

Names of State Program or Cluster  
 State Aid to Airports Program

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
*FOR THE YEAR ENDED JUNE 30, 2021*

---

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

**Department of Treasury**

**Program Name: Coronavirus Relief Funding**

**Assistance Listing Number 21.019**

**Significant Deficiency – Subrecipient Monitoring**

**Finding 2021-001**

**Criteria:** An effective system of internal control contemplates that management properly review and assess the subrecipient through monitoring procedures and document the results of the procedures performed. This includes ensuring the subrecipient is determining allowable costs and eligibility determinations in accordance with the federal award.

**Condition:** While the City had a process in place to monitor the subrecipients eligibility determinations and approve all expenditures prior to disbursement, there was no formal documentation of the review retained by the City.

**Effect:** The City could provide federal funds to ineligible individuals or businesses resulting in questioned costs.

**Questioned Costs:** No questioned costs were identified as a result of our procedures.

**Cause:** The City was unaware of the requirement to retain documentation supporting each review of the supporting documentation provided by the subrecipient.

**Recommendation:** We recommend the City develop a formal policy in relation to subrecipient monitoring including the review procedures to be performed, the timing and frequency of the monitoring(s) and a formal response to the subrecipient regarding the results of their procedures. The City should further formally document their risk assessment of the subrecipient to support how many files of the subrecipient the City would monitor throughout the year.

**Views of responsible officials:** Management agrees with the finding and is implementing procedures to correct this which is further discussed in the corrective action plan.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
*FOR THE YEAR ENDED JUNE 30, 2021*

---

**Section IV – State Award Findings and Questioned Costs**

**North Carolina Department of Transportation**  
**Program Name: Highway Planning and Construction Cluster**  
**Assistance Listing Number 20.205-CL**  
**Non-Material Non-Compliance – Reporting**  
**Finding 2021-002**

**Criteria:** Subrecipients of the State are required to submit a Federal Funding Accountability and Transparency Act (FFATA) report when working on federally funded projects in excess of \$25,000.

**Condition:** The City did not submit the required FFATA report to the North Carolina Department of Transportation during the current fiscal year.

**Effect:** The City is not in compliance with the reporting requirements related to the grant agreement.

**Cause:** The City was unaware of the requirement to file the FFATA report with the North Carolina Department of Transportation.

**Recommendation:** We recommend the City review all grant agreements to ensure all applicable reporting requirements are being followed on a timely basis.

**Views of responsible officials:** Management agrees with the finding and is implementing procedures to correct this which is further discussed in the corrective action plan.



October 31, 2021

**CITY OF CHARLOTTE, NORTH CAROLINA**  
CORRECTIVE ACTION PLAN

*FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

The Fiscal Year 2021 Single Audit identified two internal control issues. The first issue was related to subrecipient monitoring and the second issue was for non-material non-compliance reporting. The findings, and the corresponding corrective action taken on behalf of the City, are noted below. Finance is optimistic the corrective action plan and additional training will reduce, or eliminate errors related to subrecipient monitoring and reporting requirements.

**City of Charlotte**

**Program Name: Coronavirus Relief Funding**

**Assistance Listing Number 21.019**

**Significant Deficiency – Subrecipient Monitoring**

**Finding 2021-001**

**Criteria:** An effective system of internal control contemplates that management properly review and assess the subrecipient through monitoring procedures and document the results of the procedures performed. This includes ensuring the subrecipient is determining allowable costs and eligibility determinations in accordance with the federal award.

**Condition:** While the City had a process in place to monitor the subrecipients eligibility determinations and approve all expenditures prior to disbursement, there was no formal documentation of the review retained by the City.

**Effect:** The City could provide federal funds to ineligible individuals or businesses resulting in questioned costs.

**Questioned Costs:** No questioned costs were identified as a result of our procedures.

**Cause:** The City was unaware of the requirement to retain documentation supporting each review of the supporting documentation provided by the subrecipient.

**Recommendation:** We recommend the City develop a formal policy in relation to subrecipient monitoring including the review of procedures to be performed, the timing and frequency of the monitoring(s) and a formal response to the subrecipient regarding the results of their procedures. The City should further formally document their risk assessment of the subrecipient to support how many files of the subrecipient the City would monitor throughout the year.

**Views of Responsible Officials:** Management agrees with the finding and is implementing procedures to correct this which is further discussed in the corrective action plan.

**Corrective Action Plan:** The following actions will be taken:

- Finance will provide training on subrecipient monitoring requirements.
- Finance will develop a formal policy on subrecipient monitoring.
- Finance will meet with departments to ensure subrecipient monitoring responsibilities are understood and adequate documentation is maintained.

**Responsible Party:**

Betty J. Mattos, Chief Accountant  
Finance Department

**North Carolina Department of Transportation**  
**Program Name: Highway Planning and Construction Cluster**  
**Assistance Listing Number 20.205-CL**  
**Non-Material Non-Compliance – Reporting**  
**Finding 2021-002**

**Criteria:** Subrecipients of the State are required to submit a Federal Funding Accountability and Transparency Act (FFATA) report when working on federally funded projects in excess of \$25,000.

**Condition:** The City did not submit the required FFATA report to the North Carolina Department of Transportation during the current fiscal year.

**Effect:** The City is not in compliance with the reporting requirements related to the grant agreement.

**Cause:** The City was unaware of the requirement to file the FFATA report with the North Carolina Department of Transportation.

**Recommendation:** We recommend the City review all grant agreements to ensure all applicable reporting requirements are being followed on a timely basis.

**Views of Responsible Officials:** Management agrees with the finding and is implementing procedures to correct this which is further discussed in the corrective action plan.

**Corrective Action Plan:** The department understands the reporting requirement and filed the missing report. The report was accepted by the state. Finance will meet with departments to ensure reporting requirements are reviewed for each grant.

**Responsible Party:**

Liz Babson, Director of Transportation  
Charlotte Department of Transportation

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
*FOR THE YEAR ENDED JUNE 30, 2021*

---

No findings were reported for the year ended June 30, 2020.





## SINGLE AUDIT

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<b>FEDERAL AWARDS:</b>					
<u>Executive Office of the President</u>					
Direct Programs:					
High Intensity Drug Trafficking Areas	95.001	G19GA0007A	\$ 61,188	\$ -	-
High Intensity Drug Trafficking Areas	95.001	G20GA0007A	85,653	-	-
<b>Total Executive Office of the President</b>			<b>\$ 146,841</b>	<b>\$ -</b>	<b>-</b>
<u>U.S. Department of Homeland Security</u>					
Direct Programs:					
Assistance to Firefighters	97.044	EMW-2020-FG-01743	\$ 91,591	\$ -	-
TSA-NEDCTP	97.U01	HSTS02-16-H-NCP416 TSA (K-9)	598,099	-	-
TSA-Credentialing Screening & Intel Division	97.U02	HSTS02-16-H-SLR722 TSA (LEO)	744,600	-	-
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2018-FH-00550	118,776	-	-
<b>Total Direct Programs</b>			<b>1,553,066</b>	<b>-</b>	<b>-</b>
Pass-Through N.C. Department of Crime Control and Public Safety:					
Disaster - Public Assistance (Presidentially Declared)	97.036	Hurricane Laura (DR-4559-LA)	56,364	-	-
Disaster - Public Assistance (Presidentially Declared)	97.036	Hurricane Isaias (EM-3534-NC)	3,066	-	-
Homeland Security	97.067	EMW-2017-SS-00085-S01 /1754	2,532	-	-
Homeland Security	97.067	EMW-2018-SS-00053 / MOA 1853	1,412,970	-	-
Homeland Security	97.067	EMW-2018-SS-00053 / MOA 1800-2	48,805	-	-
Homeland Security	97.067	EMW-2019-SS-00057 / MOA 1954	16,000	-	-
Homeland Security	97.067	EMW-2019-SS-00057 / MOA 1956	900	-	-
Homeland Security	97.067	EMW-2019-SS-00057 / MOA 1955	6,000	-	-
Homeland Security	97.067	EMW-2019-SS-00057 / MOA 1900-01	14,472	-	-
<b>Total Pass-Through N.C. Department of Crime Control and Public Safety</b>			<b>1,561,109</b>	<b>-</b>	<b>-</b>
Pass-Through Mecklenburg County:					
Emergency Management Performance	97.042	EMA-2020-EP-00009 / MOA 2020059	80,368	-	-
<b>Total Pass-Through Mecklenburg County</b>			<b>80,368</b>	<b>-</b>	<b>-</b>
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 3,194,543</b>	<b>\$ -</b>	<b>-</b>

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>U.S. Department of Environmental Protection Agency</u>					
Pass-Through N.C. Department of Environmental Quality:					
Clean Water State Revolving Cluster	66.458	CS370377-14	\$ 587,494	\$ -	-
Clean Water State Revolving Cluster	66.458	CS370377-15	24,438,489	-	-
<b>Total U.S. Department of Environmental Protection Agency</b>			<b>\$ 25,025,983</b>	<b>\$ -</b>	<b>-</b>
<u>U.S. Department of Housing and Urban Development</u>					
Direct Programs:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement	14.218	B-18-MC-37-0003	\$ 628,952	\$ -	\$ 628,952
Community Development Block Grants/Entitlement	14.218	B-19-MC-37-0003	3,002,915	-	730,264
Community Development Block Grants/Entitlement	14.218	B-20-MC-37-0003	220,654	-	-
COVID 19 - Community Development Block Grant Program	14.218	B-20-MW-37-0003	957,984	-	790,565
<b>Total CDBG - Entitlement Grants Cluster</b>			<b>4,810,505</b>	<b>-</b>	<b>2,149,781</b>
Other U.S. Dept. of Housing and Urban Development Grants:					
Emergency Shelter	14.231	E-19-MC-37-0003	272,764	-	272,764
Emergency Shelter	14.231	E-20-MC-37-0003	283,570	-	171,282
COVID 19 - Emergency Shelter	14.231	E-20-MW-37-0003	1,501,660	-	1,495,288
HOME Investment Partnerships	14.239	M17-DC370212	474,237	-	474,237
HOME Investment Partnerships	14.239	M18-DC370212	147,995	-	147,995
Housing Opportunities For Persons With AIDS	14.241	NCH18-F001	876,852	-	876,852
Housing Opportunities For Persons With AIDS	14.241	NCH19-F001	1,957,810	-	1,531,728
COVID-19 - Housing Opportunities For Persons With AIDS	14.241	NCH20-FHW001	80,681	-	78,433
Fair Housing Assistance	14.401	FF204K204008	104,200	-	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.905	NCLHB0722-19	449,449	-	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	NCLHB0722-19	59,281	-	-
<b>Total Other U.S. Dept. of Housing and Urban Development Grants</b>			<b>6,208,499</b>	<b>-</b>	<b>5,048,579</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 11,019,004</b>	<b>\$ -</b>	<b>\$ 7,198,360</b>



## SINGLE AUDIT

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>U.S. Department of Justice</u>					
Direct Programs:					
Crime Victim Assistance	16.582	2018-V3-GX-0010	\$ 87,742	\$ -	-
Public Safety Partnership and Community Policing	16.710	2016ULWX0046/NC06001	77,428	-	-
DNA Backlog Reduction	16.741	2018-DN-BX-0060	199,454	-	-
DNA Backlog Reduction	16.741	2019-DN-BX-0099	125,595	-	-
Edward Byrne Memorial Justice Assistance	16.738	2017-DJ-BX-0391	24,040	-	-
Edward Byrne Memorial Justice Assistance	16.738	2018-DJ-BX-0384	318,819	-	2,242
Edward Byrne Memorial Justice Assistance	16.738	2019-DJ-BX-0607	323,060	-	-
Edward Byrne Memorial Justice Assistance	16.738	2020-DJ-BX-0853	185,701	-	-
Edward Byrne Memorial Justice Assistance	16.738	2020-ZC-BX-0001	4,545,518	-	-
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1374	704,385	-	-
National Sexual Assault Kit Initiative	16.833	2016-AK-BX-K019	57,236	-	-
National Sexual Assault Kit Initiative	16.833	2017-AK-BX-0020	61,409	-	-
National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0011	122,342	-	-
National Sexual Assault Kit Initiative	16.833	2019-AK-BX-0001	362,976	-	-
Money Laundering and Asset Recovery - Justice	16.922	ESAC 07/01/2017	752,092	-	-
CMPD Training Facility Enhancement	16.U01	MOA - no award #	312,643	-	-
Project Safe Neighborhoods	16.609	2018-GP-BX-0042	30,505	-	-
Juvenile Justice and Delinquency Prevention	16.540	2019-JX-FX-0009	80,199	-	-
<b>Total Direct Programs</b>			<b>8,371,144</b>	<b>-</b>	<b>2,242</b>
<b>Total U.S. Department of Justice</b>			<b>\$ 8,371,144</b>	<b>\$ -</b>	<b>2,242</b>
<u>U.S. Department of Treasury</u>					
Direct Programs:					
Money Laundering and Asset Recovery - Treasury	21.016	ESAC 07/01/2017	\$ 428,156	\$ -	-
<b>Total U.S. Department of Treasury</b>			<b>\$ 428,156</b>	<b>\$ -</b>	<b>-</b>



**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>State/Pass-Through Grantor's Award Number</b>	<b>Federal (Direct &amp; Pass-Through) Expenditures **Rounded</b>	<b>State Expenditures **Rounded</b>	<b>Pass-Through to Subrecipients **Rounded</b>
<b>U.S. Department of Labor</b>					
Pass-Through N.C. Department of Commerce:					
Workforce Investment Act Clusters:					
WIA/WIOA Adult Programs:					
WIOA Adult	17.258	4020 WIOA Adult/2019-Formula	\$ 488,111	\$ -	\$ 488,111
WIOA Adult	17.258	4020 WIOA Adult/2020-Formula	1,959,922	-	1,959,922
WIOA Adult	17.258	4050 WIOA Statewide Activities/2020-8056-FLG Charlotte Works-Central Piedmont CC	49,981	-	49,981
WIOA Adult	17.258	4050 WIOA Statewide Activities/2019-3016 NC Works Innovation Fund	50,000	-	50,000
WIOA Adult	17.258	4010 WIOA Admin Local Area/2020-Adult Admin	136,712	-	136,712
WIOA Adult	17.258	4050 WIOA Statewide Activities/2019-8137-FLG Ops-All	67,247	-	67,247
<b>Total WIA/WIOA Adult Programs</b>			<b>2,751,973</b>	<b>-</b>	<b>2,751,973</b>
WIA/WIOA Youth Activities:					
WIOA Youth Activities	17.259	4050 WIOA Statewide Activities/2018-8012/2018-8013-Maximize Carolina Program & Admin	21,292	-	21,292
WIOA Youth Activities	17.259	4050 WIOA Statewide Activities/2018-3016-NCWorks Innovation Fund	31,533	-	31,533
WIOA Youth Activities	17.259	4050 WIOA Statewide Activities/2019-8025/2019-8026-Enhancement Program & Admin	88,549	-	88,549
WIOA Youth Activities	17.259	4040 WIOA Youth/2019-0000/2019-0001/In School Youth & Out of School Youth	891,730	-	891,730
WIOA Youth Activities	17.259	4050 WIOA Statewide Activities/2019-8029-IFA Costs	13,987	-	13,987
WIOA Youth Activities	17.259	4040 WIOA Youth/2020-0000/2020-0001/2020-In School Youth, Out of School Youth & Formula	1,200,601	-	1,200,601
WIOA Youth Activities	17.259	4010 WIOA Admin Local Area/2020-Formula	151,135	-	151,135
WIOA Youth Activities	17.259	4050 WIOA Statewide Activities/2020-8145-Employer Services-All	50,000	-	50,000
<b>Total WIA/WIOA Youth Activities</b>			<b>2,448,827</b>	<b>-</b>	<b>2,448,827</b>
WIA/WIOA Dislocated Worker:					
WIOA Dislocated Worker	17.277	3110 Admin Local Area/3130 WIA Program/2020-Formula	164,656	-	164,656
WIOA Dislocated Worker	17.278	4050 WIOA Statewide Activities/2019-8137-FLG Ops-All	114,416	-	114,416
WIOA Dislocated Worker	17.278	4030 WIOA Dislocated Worker/2020-Formula	173,924	-	173,924
WIOA Dislocated Worker	17.278	4050 WIOA Statewide Activities/2018-8031-Business Services Funds PS 02-2018	4,130	-	4,130
WIOA Dislocated Worker	17.278	4010 WIOA Admin Local Area/2019-Formula	321,258	-	321,258
WIOA Dislocated Worker	17.278	4010 WIOA Admin Local Area/2020-Dislocated Worker Admin	106,716	-	106,716
WIOA Dislocated Worker	17.278	4030 WIOA Dislocated Worker/2019-Formula	1,397,958	-	1,397,958
<b>Total WIA/WIOA Dislocated Worker</b>			<b>2,283,058</b>	<b>-</b>	<b>2,283,058</b>
<b>Total Workforce Investment Act Clusters</b>			<b>7,483,858</b>	<b>-</b>	<b>7,483,858</b>
<b>Total U.S. Department of Labor</b>			<b>\$ 7,483,858</b>	<b>\$ -</b>	<b>\$ 7,483,858</b>

## SINGLE AUDIT

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>U.S. Department of Transportation</u>					
Direct Programs:					
Federal Aviation Administration:					
Airport Improvement Program	20.106	3-37-0012-080-2018	\$ 2,152,610	\$ -	-
Airport Improvement Program	20.106	3-37-0012-082-2019	189,836	-	-
Airport Improvement Program	20.106	3-37-0012-084-2020	8,170,116	-	-
Airport Improvement Program	20.106	3-37-0012-083-2020	6,437,834	-	-
COVID-19 - Airport Improvement Program	20.106	3-37-0012-085-2020	94,968,963	-	-
COVID-19 - Airport Coronavirus Response Grant Program	20.106	3-37-0012-087-2021	3,540,417	-	-
<b>Total Federal Aviation Administration</b>			<b>115,459,776</b>	<b>-</b>	<b>-</b>
Federal Railroad Administration:					
National Infrastructure Investments - Railway	20.933	FR-TII-0047-17	2,155,817	-	-
<b>Total Federal Railroad Administration</b>			<b>2,155,817</b>	<b>-</b>	<b>-</b>
Federal Transit Administration:					
Federal Transit Cluster:					
Federal Transit - Capital Investment	20.500	NC-03-0082-00/36224.26.4.3/13-BL-001/36224.26.1.1/09-NS-082	2,985,950	1,493,084	-
Federal Transit - Capital Investment	20.500	NC-2016-001-00	9,284,618	-	-
Federal Transit - Capital Investment	20.500	NC-2019-027-00	311,670	-	-
Federal Transit - Capital Investment	20.500	NC-04-0018-00	5,280	660	-
<b>Total Federal Transit - Capital Investment</b>			<b>12,587,518</b>	<b>1,493,744</b>	<b>-</b>

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
Federal Transit - Formula:					
Federal Transit - Formula	20.507	NC-90-X541 / 36231.14.11.5 / 17-90-541	6,150	-	-
Federal Transit - Formula	20.507	NC-2016-043-00	711,346	-	-
Federal Transit - Formula	20.507	NC-2017-019-00	81,020	-	-
Federal Transit - Formula	20.507	NC-2018-015-00	1,435,122	-	-
Federal Transit - Formula	20.507	NC-2018-068-00	988,173	-	-
Federal Transit - Formula	20.507	NC-2019-050-01-00	6,429,182	-	-
Federal Transit - Formula	20.507	NC-2019-054-00	292,000	-	-
COVID 19 - Federal Transit - Formula	20.507	NC-2020-031-00	21,098,594	-	-
Federal Transit - Formula	20.507	NC-2020-060-00	15,350,980	-	-
<b>Total Federal Transit - Formula</b>			<b>46,392,567</b>	-	-
Federal Transit - State of Good Repair:					
Federal Transit - State of Good Repair Program	20.525	NC-2017-009-00	41,163	-	-
Federal Transit - State of Good Repair Program	20.525	NC-2019-040-00	1,544,938	-	-
<b>Total Federal Transit - State of Good Repair</b>			<b>1,586,101</b>	-	-
<b>Total Federal Transit Cluster</b>			<b>60,566,186</b>	<b>1,493,744</b>	-
Transit Services Programs Cluster:					
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2017-030-00	123,182	-	-
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2019-004-00	181,173	-	181,173
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2020-030-00	32,154	-	32,154
<b>Total Transit Services Programs Cluster</b>			<b>336,509</b>	-	<b>213,327</b>
<b>Total Federal Transit Administration Direct Programs</b>			<b>60,902,695</b>	<b>1,493,744</b>	<b>213,327</b>



## SINGLE AUDIT

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
Federal Transit Administration:					
Pass-Through N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning	20.505	Section 5303/36230.5.19.7	1,187,827	85,976	112,274
<b>Total Pass-Through N.C. Department of Transportation</b>			<b>1,187,827</b>	<b>85,976</b>	<b>112,274</b>
<b>Total Federal Transit Administration</b>			<b>62,090,522</b>	<b>1,579,720</b>	<b>325,601</b>
Federal Highway Administration:					
Highway Planning and Construction Cluster:					
Pass-Through Programs:					
Pass-Through N.C. Department of Transportation:					
Highway Planning and Construction	20.205	46093.1.1 / BRSTP-1003	4,137	-	-
Highway Planning and Construction	20.205	Section 104f	122,286	-	-
Highway Planning and Construction	20.205	34811.3.FDS/STPDA-5239	102,723	-	-
Highway Planning and Construction	20.205	50152.1/2/3.F1/BRSTP-1003	29,821	-	-
Highway Planning and Construction	20.205	C-5613BA-E / 43735.3.5-9 / CMAQ-1003	847,952	-	-
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR	69,801	-	-
Highway Planning and Construction	20.205	C-5534 / CMS-1003	640,100	-	-
Highway Planning and Construction	20.205	44840.1.1 / 44840.3.1 / TAPDA-1003	353,024	-	-
Highway Planning and Construction	20.205	C-56131 / CMAQ-0051	1,019,457	-	-
Highway Planning and Construction	20.205	43735.2.12 / 43735.3.12 / CMAQ-1001	824,650	-	-
Highway Planning and Construction	20.205	M-0528CB / 48232.3.2	811,639	-	-
Highway Planning and Construction	20.205	EB-5832 / 47248.2.1 / TAP-2833	240	-	-
Highway Planning and Construction	20.205	Contract 7500024209 / 40435.1.5 / 50246.1.2	1,929,645	-	208,098
Highway Planning and Construction	20.205	C-5702B-CMAQ-000S/ 2017-1789-13	32,680	-	-
Highway Planning and Construction	20.205	C-5702C-CMAQ-000S/ 2017-1789-22	48,488	-	-
<b>Total Pass-Through N.C. Department of Transportation</b>			<b>6,836,643</b>	<b>-</b>	<b>208,098</b>

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
Other Pass-Through Programs:					
Pass-Through S.C. Department of Transportation:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR	11,095	-	-
Pass-Through Rock Hill:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR	10,283	-	-
Pass-Through Gastonia:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR	13,717	-	-
Pass-Through Concord:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR	27,943	-	-
<b>Total Other Pass-Through Programs</b>			<b>63,038</b>	<b>-</b>	<b>-</b>
<b>Total Highway Planning and Construction Cluster</b>			<b>6,899,681</b>	<b>-</b>	<b>208,098</b>
<b>Total Federal Highway Administration</b>			<b>6,899,681</b>	<b>-</b>	<b>208,098</b>
National Highway Traffic Safety Administration:					
Pass-Through N.C. Department of Transportation:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	AL-20-02-02	19,942	-	-
State and Community Highway Safety	20.600	PT-20-06-08	1,850	-	-
State and Community Highway Safety	20.600	PT-21-06-33	16,085	-	-
National Priority Safety	20.616	M5HVE-21-15-02	63,912	-	-
<b>Total Highway Safety Cluster</b>			<b>101,789</b>	<b>-</b>	<b>-</b>
<b>Total U.S. Department of Transportation</b>			<b>\$ 186,707,585</b>	<b>\$ 1,579,720</b>	<b>\$ 533,699</b>
U.S. Department of Treasury					
Coronavirus Relief Fund Program	21.019	Coronavirus Relief Fund	\$ 135,474,115	\$ -	\$ 80,970,280
COVID-19 Emergency Rental Assistance Program	21.023	Emergency Rental Assistance	20,179,874	-	20,179,874
<b>Total U.S. Department of Treasury</b>			<b>\$ 155,653,989</b>	<b>\$ -</b>	<b>\$ 101,150,154</b>



## SINGLE AUDIT

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<b>N.C. Department of Public Safety</b>					
Direct Programs:					
Regional Response Team		RRT 7 2018	\$ -	\$ 87,724	\$ -
<b>Total Direct Programs</b>			<b>-</b>	<b>87,724</b>	<b>-</b>
Pass-Through Mecklenburg County:					
Juvenile Offender Diversion Program		20928 (JCPC)	-	200,706	-
<b>Total Pass-Through Mecklenburg County</b>			<b>-</b>	<b>200,706</b>	<b>-</b>
<b>Total N.C. Department of Public Safety</b>			<b>\$ -</b>	<b>\$ 288,430</b>	<b>\$ -</b>
<b>N.C. Department of Transportation</b>					
State Street Aid-Powell Bill		38570	\$ -	\$ 13,679,745	\$ -
Traffic - Construction by Others Agreement		34811.3.FD5 / U-2507A	-	263,014	-
Locally Administered Project		46450.1.1, 46450.2.1, 46450.3.1 / U-5905	-	49,993	-
Locally Administered Project		47680.3.1 / SS-4910DA	-	111,985	-
Apprenticeship/Intern Program			-	4,819	-
Apprenticeship/Intern Program		36223.5.26.3/20-DG-102C	-	4,841	-
State Aid to Airports		36244.17.17.1-2020	-	3,015,728	-
State Aid to Airports		36244.17.17.1-2021	-	24,826,845	-
Public Transportation for Transit Demand Management		36225.1.19.1/20-RS-102	-	128,996	-
Public Transportation for Advanced Technology		36235.2.15.8/20-AT-102	-	212,220	-
<b>Total N.C. Department of Transportation</b>			<b>\$ -</b>	<b>\$ 42,298,186</b>	<b>\$ -</b>



**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<i>N.C. Office of Emergency Medical Services</i>					
Pass-Through Metrolina Trauma Advisory Committee: SMAT III		SMAT 2020-2021	\$ -	\$ 4,201	\$ -
<b>Total N.C. Office of Emergency Medical Services</b>			<b>\$ -</b>	<b>\$ 4,201</b>	<b>\$ -</b>
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<b>\$ 398,031,103</b>	<b>\$ 44,170,537</b>	<b>\$ 116,368,313</b>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**JUNE 30, 2021**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Charlotte, North Carolina (the “City”) under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

**2. Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



THIS PAGE INTENTIONALLY LEFT BLANK



**CHARLOTTE**